
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the transition period from to
Commission file number 001-40978**

Fluence Energy, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

**4601 Fairfax Drive, Suite 600
Arlington, Virginia**

(Address of Principal Executive Offices)

87-1304612

(I.R.S. Employer
Identification No.)

22203

(Zip Code)

(833) 358-3623

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|-------------------|---|
| Class A common stock, \$0.00001 par value | FLNC | The Nasdaq Global Select Market |

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|-------------------------|-------------------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input checked="" type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| | | Emerging growth company | <input checked="" type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of May 8, 2023, the registrant had 116,930,304 shares of Class A common stock outstanding and 58,586,695 shares of Class B-1 common stock outstanding.

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Cautionary Statement Regarding Forward-Looking Information

Certain statements in this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 (this “Report”), excluding historical information, contain or may contain forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Statements regarding our future results of operations and financial position, business strategy and plans, and objectives of management for future operations, including, among others, statements regarding expected growth, introduction of new products and services, future capital expenditures and debt service obligations, are forward-looking statements. In some cases, you may identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “seeks,” “intends,” “targets,” “projects,” “contemplates,” “grows,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

Factors that could cause our actual results to differ materially from those indicated in any forward-looking statements, include, but are not limited to, the following:

- our future financial and operating performance, including our ability to achieve or maintain profitability;
- our ability to successfully execute our business plan and growth strategy;
- the sufficiency of our cash and cash equivalents to meet our liquidity needs;
- our ability to attract and retain customers;
- our ability to develop new offerings and services, including digital applications;
- our ability to optimize existing and future sales channels and market segmentation;
- our ability to compete with existing and new competitors in existing and future markets and offerings;
- our revenue may be affected by any disruptions in asset deployment caused by supply, construction or utility delays;
- our ability to manage our supply chains and distribution channels, including our ability to secure inventory from suppliers to meet customer demand and source materials in line with our expectations;
- risk associated with fluctuations in the market prices of commodity raw materials, including steel, aluminum, lithium carbonate, and cobalt, that are used in components from suppliers, such as lithium-ion batteries, that are incorporated into our energy storage products and solutions;
- risk associated with estimation uncertainty related to our product warranties;
- our ability to attract and retain talent;
- the impact of economic, social, and political instability in the markets in which we operate and other regions of the world, including any impacts arising out of the ongoing conflict in Ukraine;
- instability in the financial services sector and the impact on the viability of financial institutions where we maintain our cash and cash equivalents;
- changes in levels of inflation, interest rates, and foreign currency exchange rates and related actions taken by government authorities in connection therewith;
- our expectations regarding the size and growth of our existing and future markets in which we compete;
- the potential future impact of a global pandemic on our ground operations at project sites, our manufacturing facilities, our customers, our workforce, and our suppliers and our vendors;

- our ability to maintain customer contracts due to events and incidents relating to storage, delivery, installation, operation and shutdowns of our energy storage products and solutions, including events and incidents outside of our control;
- our ability to prevent defects, errors, or bugs in hardware or software of our products and technology as well as any defects that may give rise to claims of product liability or other potential legal claims;
- our ability to manage information technology related risks;
- the impact of compliance with any existing and future applicable laws, regulations, sanctions, or tariffs on our business and operations;
- the implementation and impact of government and economic incentives for energy storage products and solutions and/or services;
- our assessment and expectations regarding our global growth;
- our ability to maintain, protect, and enhance our intellectual property;
- our ability to recognize anticipated synergies from strategic initiatives and/or acquisitions by the Company;
- the increased expenses associated with being a public company;
- the continued listing of our securities on the Nasdaq Global Select Market;
- the significant influence that Siemens AG and AES Grid Stability, LLC have over us, including control over decisions that require the approval of stockholders; and
- other factors described in Part I, Item 1A “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended September 30, 2022, filed with the Securities and Exchange Commission (“SEC”) on December 14, 2022 (the “2022 Annual Report”), in Part II, Item 1A “Risk Factors” in our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2022 filed on February 10, 2023, and Part II, Item 1A of this Report.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this Report. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Many of the important factors that will determine these results are beyond our ability to control or predict. Accordingly, you should not place undue reliance on any such forward-looking statements. We qualify all forward-looking statements contained in this Report by these cautionary statements. Any forward-looking statement speaks only as of the date on which it is made, and, except as otherwise required by law, we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. New factors emerge from time to time, and it is not possible for us to predict which will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Part I - Financial Information

Item 1. Financial Statements

FLUENCE ENERGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(U.S. Dollars in Thousands, except share and per share amounts)

| | Unaudited March 31, 2023 | September 30, 2022 |
|--|--------------------------------|-----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 194,357 | \$ 357,296 |
| Restricted cash | 108,224 | 62,425 |
| Short-term investments | 70,023 | 110,355 |
| Trade receivables | 337,535 | 86,770 |
| Unbilled receivables | 152,774 | 138,525 |
| Receivables from related parties | 88,385 | 112,027 |
| Advances to suppliers | 65,966 | 54,765 |
| Inventory, net | 763,215 | 652,735 |
| Other current assets | 27,922 | 26,635 |
| Total current assets | 1,808,401 | 1,601,533 |
| Non-current assets: | | |
| Property and equipment, net | \$ 13,403 | \$ 13,755 |
| ROU Asset - Operating Leases | 3,124 | 2,403 |
| Intangible assets, net | 49,676 | 51,696 |
| Goodwill | 25,944 | 24,851 |
| Deferred income tax asset | 2,571 | 3,028 |
| Advances to suppliers | — | 8,750 |
| Debt issuance cost | 2,361 | 2,818 |
| Note receivable - pledged as collateral | 24,330 | 24,330 |
| Other non-current assets | 17,777 | 12,490 |
| Total non-current assets | 139,186 | 144,121 |
| Total assets | \$ 1,947,587 | \$ 1,745,654 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 399,991 | \$ 304,898 |
| Deferred revenue | 584,425 | 273,073 |
| Personnel related liabilities | 27,234 | 21,286 |
| Accruals and provisions | 106,447 | 183,814 |
| Payables and deferred revenue with related parties | 195,220 | 306,348 |
| Taxes payable | 17,295 | 11,114 |
| Current portion of operating lease liabilities | 1,534 | 1,732 |
| Other current liabilities | 12,819 | 7,198 |
| Total current liabilities | \$ 1,344,965 | \$ 1,109,463 |
| Non-current liabilities: | | |
| Operating lease liabilities, net of current portion | 1,847 | 1,011 |
| Deferred income tax liability | 3,499 | 4,876 |
| Borrowings against note receivable - pledged as collateral | 21,602 | — |
| Other non-current liabilities | 7,679 | 1,096 |
| Total non-current liabilities | \$ 34,627 | \$ 6,983 |
| Total liabilities | \$ 1,379,592 | \$ 1,116,446 |
| Stockholders' Equity: | | |
| Preferred stock, \$0.00001 per share, 10,000,000 shares authorized; no shares issued and outstanding as of March 31, 2023 and September 30, 2022 | — | — |
| Class A common stock, \$0.00001 par value per share, 1,200,000,000 shares authorized; 117,058,711 shares issued and 116,486,460 shares outstanding as of March 31, 2023; 115,424,025 shares issued and 114,873,121 shares outstanding as of September 30, 2022 | \$ 1 | \$ 1 |
| Class B-1 common stock, \$0.00001 par value per share, 200,000,000 shares authorized; 58,586,695 and 58,586,695 shares issued and outstanding as of March 31, 2023 and September 30, 2022, respectively | — | — |
| Class B-2 common stock, \$0.00001 par value per share, 200,000,000 shares authorized; no shares issued and outstanding as of March 31, 2023 and September 30, 2022 | — | — |
| Treasury stock, at cost | (5,301) | (5,013) |
| Additional paid-in capital | 563,222 | 542,602 |
| Accumulated other comprehensive income | (565) | 2,784 |
| Accumulated deficit | (154,041) | (104,544) |
| Total stockholders' equity attributable to Fluence Energy, Inc. | \$ 403,316 | \$ 435,830 |
| Non-Controlling interests | 164,679 | 193,378 |
| Total stockholders' equity | \$ 567,995 | \$ 629,208 |
| Total liabilities and stockholders' equity | \$ 1,947,587 | \$ 1,745,654 |

The accompanying notes are an integral part of these condensed statements

FLUENCE ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE LOSS (UNAUDITED)
(U.S. Dollars in Thousands, except share and per share amounts)

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|---|---------------------------------|-------------|-------------------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Revenue | \$ 405,110 | \$ 115,798 | \$ 614,564 | \$ 142,852 |
| Revenue from related parties | 293,076 | 226,926 | 394,082 | 374,759 |
| Total revenue | 698,186 | 342,724 | 1,008,646 | 517,611 |
| Cost of goods and services | 667,373 | 357,472 | 965,793 | 585,508 |
| Gross (loss) profit | 30,813 | (14,748) | 42,853 | (67,897) |
| Operating expenses: | | | | |
| Research and development | 22,551 | 13,340 | 41,713 | 24,098 |
| Sales and marketing | 10,401 | 6,191 | 19,193 | 19,250 |
| General and administrative | 31,778 | 25,237 | 63,045 | 56,438 |
| Depreciation and amortization | 2,669 | 1,493 | 5,093 | 2,920 |
| Interest expense | 1,144 | 676 | 1,960 | 1,358 |
| Other income, net | 207 | 1,109 | 12,821 | 283 |
| Loss before income taxes | (37,523) | (60,576) | (75,330) | (171,678) |
| Income tax expense (benefit) | (126) | 128 | (740) | 486 |
| Net loss | (37,397) | (60,704) | (74,590) | (172,164) |
| Net loss attributable to non-controlling interest | (12,542) | (41,519) | (25,093) | (124,174) |
| Net loss attributable to Fluence Energy, Inc. | \$ (24,855) | \$ (19,185) | \$ (49,497) | \$ (47,990) |
| Weighted average number of Class A common shares outstanding | | | | |
| Basic and diluted | 116,266,838 | 54,143,275 | 115,825,339 | 54,143,275 |
| Loss per share of Class A common stock | | | | |
| Basic and diluted | \$ (0.21) | \$ (0.35) | \$ (0.43) | \$ (0.89) |
| Foreign currency translation gain (loss), net of income tax expense of \$0.1 million in the three months ended March 31, 2023, \$0.4 million in the six months ended March 31, 2023, and \$0 in the three months and six months ended March 31, 2022 | (1,469) | (20) | (5,054) | 279 |
| Total other comprehensive income (loss) | \$ (1,469) | \$ (20) | \$ (5,054) | \$ 279 |
| Total comprehensive loss | \$ (38,866) | \$ (60,724) | \$ (79,644) | \$ (171,885) |
| Comprehensive loss attributable to non-controlling interest | (13,036) | (41,533) | (26,798) | (124,103) |
| Total comprehensive loss attributable to Fluence Energy, Inc. | \$ (25,830) | \$ (19,191) | \$ (52,846) | \$ (47,782) |

The accompanying notes are an integral part of these condensed statements

FLUENCE ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY, MEMBERS'
EQUITY (DEFICIT), AND MEZZANINE EQUITY (UNAUDITED)
(U.S. Dollars in Thousands, except Shares/Units)

| | Class A Common Stock | | Class B-1 Common Stock | | Additional Paid-In Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | | Non- Controlling interest | Total stockholders' equity and members' deficit |
|---|-------------------------|--------|---------------------------|--------|----------------------------------|------------------------|--|----------------|------------|---------------------------------|--|
| | Shares | Amount | Shares | Amount | | | | Shares | Amount | | |
| Balance at December 31, 2022 | 116,072,991 | \$ 1 | 58,586,695 | — | \$ 554,924 | \$ (129,186) | \$ 410 | 572,251 | \$ (5,301) | \$ 178,169 | \$ 599,017 |
| Net loss | | | | | | (24,855) | | | | (12,542) | (37,397) |
| Stock-based compensation expense and related vesting | 127,576 | — | | | 7,286 | | | | | | 7,286 |
| Effect of remeasurement of non-controlling interest due to other share transactions | | | | | 454 | | | | | (454) | — |
| Proceeds from exercise of stock options | 285,893 | — | | | 558 | | | | | | 558 |
| Foreign currency translation loss, net of income tax expense of \$0.1 million | | | | | | | (975) | | | (494) | (1,469) |
| Balance at March 31, 2023 | 116,486,460 | \$ 1 | 58,586,695 | — | \$ 563,222 | \$ (154,041) | \$ (565) | 572,251 | \$ (5,301) | \$ 164,679 | \$ 567,995 |
| Balance at September 30, 2022 | 114,873,121 | 1 | 58,586,695 | — | 542,602 | (104,544) | 2,784 | 550,904 | (5,013) | 193,378 | 629,208 |
| Net Loss | | | | | | (49,497) | | | | (25,093) | (74,590) |
| Stock-based compensation expense and related vesting | 308,260 | | | | 15,763 | | | | | | 15,763 |
| Repurchase of Common Stock placed into Treasury | (21,347) | | | | | | | 21,347 | (288) | | (288) |
| Effect of remeasurement of non-controlling interest due to other share transactions | | | | | 1,901 | | | | | (1,901) | — |
| Proceeds from exercise of stock options | 1,326,426 | | | | 2,956 | | | | | | 2,956 |
| Foreign currency translation loss, net of income tax expense of \$0.4 million | | | | | | | (3,349) | | | (1,705) | (5,054) |
| Balance at March 31, 2023 | 116,486,460 | \$ 1 | 58,586,695 | — | \$ 563,222 | \$ (154,041) | \$ (565) | 572,251 | \$ (5,301) | \$ 164,679 | \$ 567,995 |

| | Mezzanine Equity | Members' capital contributions | Class A Common Stock | | Class B-1 Common Stock | | Additional Paid-In Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Non-Controlling interest | Total stockholders' equity and members' deficit |
|---|------------------|--------------------------------|----------------------|--------|------------------------|--------|----------------------------|---------------------|---|--------------------------|---|
| | | | Shares | Amount | Shares | Amount | | | | | |
| Balance at December 31, 2021 | | | 54,143,275 | | 117,173,390 | 1 | 281,347 | (28,805) | 4 | 525,553 | 778,100 |
| Net loss | | | | | | | | (19,185) | | (41,519) | (60,704) |
| Other comprehensive loss, net of income tax benefit of \$0 | | | | | | | | | (6) | (14) | (20) |
| Activity under stock-based compensation plan | | | | | | | 8,081 | | | | 8,081 |
| Balance at March 31, 2022 | — | — | 54,143,275 | — | 117,173,390 | \$ 1 | 289,428 | \$ (47,990) | \$ (2) | 484,020 | \$ 725,457 |
| Balance at September 30, 2021 | 117,235 | 106,152 | | | | | | (279,301) | (285) | | (173,434) |
| Net loss prior to the Transactions | | | | | | | | | | (20,317) | (20,317) |
| Other comprehensive gain prior to the Transactions, net of income tax benefit of \$0 | | | | | | | | | 175 | — | 175 |
| Effect of the Transactions related to the IPO | (117,235) | (106,152) | 18,493,275 | | 117,173,390 | 1 | (24,091) | 279,301 | 75 | (31,899) | 117,235 |
| Issuance of class A common stock in IPO, net of issuance cost | | | 35,650,000 | | | | 295,740 | — | — | 640,022 | 935,762 |
| Net loss subsequent to the Transactions | | | | | | | — | (47,990) | — | (103,857) | (151,847) |
| Activity under stock based compensation plan | | | | | | | 17,779 | — | — | — | 17,779 |
| Other comprehensive gain subsequent to the Transactions, net of income tax expense of \$0 | | | | | | | | | 33 | 71 | 104 |
| Balance at March 31, 2022 | — | — | 54,143,275 | — | 117,173,390 | \$ 1 | 289,428 | \$ (47,990) | \$ (2) | 484,020 | \$ 725,457 |

The accompanying notes are an integral part of these condensed statements

FLUENCE ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(U.S. Dollars in Thousands)

| | Six Months Ended March 31, | |
|--|----------------------------|---------------------|
| | 2023 | 2022 |
| Operating activities | | |
| Net loss | \$ (74,590) | \$ (172,164) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 5,093 | 2,920 |
| Amortization of debt issuance costs | 457 | 343 |
| Inventory (benefit) provision | (422) | — |
| Stock-based compensation expense | 15,763 | 21,874 |
| Deferred income taxes | (1,276) | — |
| Benefit on loss contracts | (1,973) | (6,261) |
| Changes in operating assets and liabilities: | | |
| Trade receivables | (244,433) | (79,570) |
| Unbilled receivables | (8,756) | 20,675 |
| Receivables from related parties | 23,683 | (3,672) |
| Advances to suppliers | (3,793) | (65,779) |
| Inventory, net | (103,464) | 37,802 |
| Other current assets | 3,148 | (7,391) |
| Other non-current assets | (292) | 135 |
| Accounts payable | 93,447 | (30,426) |
| Payables and deferred revenue with related parties | (112,586) | (51,252) |
| Deferred revenue | 300,007 | 151,450 |
| Current accruals and provisions | (75,708) | 37,243 |
| Taxes payable | 3,702 | 4,383 |
| Other current liabilities | 10,511 | 373 |
| Other non-current liabilities | 8,071 | (1,679) |
| Net cash used in operating activities | \$ (163,411) | \$ (140,996) |
| Investing activities | | |
| Purchase of equity securities | — | (1,124) |
| Proceeds from maturities of short-term investments | 41,603 | — |
| Payments for purchase of investment in joint venture | (5,013) | — |
| Purchase of property and equipment | (1,087) | (1,271) |
| Net cash provided by (used) in investing activities | \$ 35,503 | \$ (2,395) |
| Financing activities | | |
| Proceeds from issuance of Class A common stock sold in an IPO, net of underwriting discounts and commissions | — | 947,991 |
| Payment of IPO costs | — | (10,330) |
| Payment of transaction cost related to issuance of Class B membership units | — | (6,320) |
| Payment of debt issuance costs | — | (3,297) |
| Repurchase of class A common stock placed into treasury | (288) | — |
| Proceeds from exercise of stock options | 2,956 | — |
| Repayment of promissory notes – related parties | — | (50,000) |
| Repayment of line of credit | — | (50,000) |
| Proceeds from borrowing against note receivable - pledged as collateral | 21,142 | — |
| Net cash provided by financing activities | \$ 23,810 | \$ 828,044 |
| Effect of exchange rate changes on cash and cash equivalents | (13,042) | (34) |
| Net (decrease) increase in cash, cash equivalents, and restricted cash | (117,140) | 684,619 |
| Cash, cash equivalents, and restricted cash as of the beginning of the period | 429,721 | 38,069 |
| Cash, cash equivalents, and restricted cash as of the end of the period | 312,581 | 722,688 |
| Supplemental Cash Flows Information | | |
| Interest paid | \$ 511 | \$ 503 |

| | | | | |
|---|----|-----|----|-------|
| Cash paid for income taxes | \$ | 585 | \$ | 614 |
| Non-cash financing activities | | | | |
| Reclassification of deferred offering costs to additional paid-in capital | \$ | — | \$ | 1,899 |

The accompanying notes are an integral part of these condensed statements

FLUENCE ENERGY, INC.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)****1. Organization and Operations**

Fluence Energy, Inc., a Delaware corporation (“the Company”), was formed on June 21, 2021. We conduct our business operations through Fluence Energy, LLC, and its direct and indirect subsidiaries. Fluence Energy, LLC was formed on June 30, 2017 as a joint venture between Siemens Industry, Inc. (“Siemens Industry”), an indirect subsidiary of Siemens AG (“Siemens”), and AES Grid Stability, LLC (“AES Grid Stability”), an indirect subsidiary of the AES Corporation (“AES”), and commenced operations on January 1, 2018. We refer to Siemens Industry and AES Grid Stability as the “Founders” in this Quarterly Report on Form 10-Q (this “Report”).

Upon the completion of our initial public offering (“IPO”) on November 1, 2021, Fluence Energy, Inc. became a holding company whose sole material assets are the limited liability company interests (the “LLC Interests”) in Fluence Energy, LLC. All of our business is conducted through Fluence Energy, LLC, together with its subsidiaries, and the financial results of Fluence Energy, LLC will be consolidated in our financial statements. Fluence Energy, LLC is taxed as a partnership for federal income tax purposes and, as a result, its members, including Fluence Energy, Inc. will pay income taxes with respect to their allocable shares of its net taxable income. As of March 31, 2023, Fluence Energy, LLC had subsidiaries operating in Germany, Australia, Philippines, Chile, the Netherlands, the United States, India, Singapore, United Kingdom, and Switzerland. Except where the context clearly indicates otherwise, “Fluence,” “we,” “us,” “our” or the “Company” refers to Fluence Energy, Inc. and all of its direct and indirect subsidiaries, including Fluence Energy, LLC. When used in a historical context that is prior to the completion of the IPO, “we,” “us,” “our” or “the Company” refers to Fluence Energy, LLC and its subsidiaries.

Our fiscal year begins on October 1 and ends on September 30. References to “fiscal year 2021” and “fiscal year 2022” refer to the fiscal years ended September 30, 2021 and September 30, 2022, respectively.

The Company’s chief operating decision maker (“CODM”) is its Chief Executive Officer. The Company’s CODM reviews financial information on a condensed consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. As such, the Company has determined that it operates in one operating segment, which corresponds to one reportable segment.

2. Summary of Significant Accounting Policies and Estimates**Principles of Accounting and Consolidation**

The accompanying condensed consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and under the rules of the U.S. Securities and Exchange Commission (the “SEC”). The accompanying condensed consolidated financial statements include the accounts of Fluence Energy, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Non-Controlling Interest

As the sole managing member of Fluence Energy, LLC, Fluence Energy, Inc. operates and controls all the business and affairs of Fluence Energy, LLC and, through Fluence Energy, LLC and its direct and indirect subsidiaries, conducts the Company's business. Fluence Energy, LLC is a variable interest entity, of which Fluence Energy, Inc. beneficially owns a 66.54% interest as of March 31, 2023. For accounting purposes, Fluence Energy, Inc. is considered the primary beneficiary and therefore consolidates the results of Fluence Energy, LLC and its direct and indirect subsidiaries. Prior to the IPO, Fluence Energy, Inc. had no operations and had no assets or liabilities. Accordingly, financial results, balances, and other information included herein for periods prior to the IPO are reflective of Fluence Energy, LLC. The table below summarizes the ownership structure at end of each respective period:

| | March 31, 2023 | September 30, 2022 |
|--|----------------|--------------------|
| Controlling Interest Ownership | 66.54 % | 66.22 % |
| Non-Controlling Interest Ownership (AES) | 33.46 % | 33.78 % |

Unaudited Interim Financial Information

The accompanying condensed consolidated financial statements as of March 31, 2023, and for the three and six months ended March 31, 2023 and 2022 are unaudited. These financial statements should be read in conjunction with the Company's audited financial statements included in our 2022 Annual Report. In our opinion, such unaudited financial statements reflect all adjustments, including normal recurring items, that are necessary for the fair statement of the Company's financial position as of March 31, 2023, the results of its operations for the three and six months ended March 31, 2023 and 2022, and its cash flows for the six months ended March 31, 2023 and 2022. The financial data and other information disclosed in these notes related to the three and six months ended March 31, 2023 and 2022 are also unaudited. The results for the three and six months ended March 31, 2023 and 2022 are not necessarily indicative of results for the full year ending September 30, 2023 and 2022, any other interim periods, or any future year or period. The balance sheet as of September 30, 2022 included herein was derived from the audited financial statements as of that date. Certain disclosures have been condensed or omitted from the interim financial statements.

For a complete description of our significant accounting policies, refer to Note 2 - *Summary of Significant Accounting Policies and Estimates* the audited consolidated financial statements included in our 2022 Annual Report. We include herein certain updates to those policies.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the accompanying condensed consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates. Items subject to such estimates and assumptions include: the relative fair value allocations to contingencies with multiple elements, the carrying amount and estimated useful lives of long-lived assets; impairment of goodwill, intangible assets, and long-lived assets; valuation allowances for inventories; deferred tax assets; revenue recognized under the percentage-of-completion method; accrued bonuses; and various project-related provisions including but not limited to estimated losses, warranty obligations, and liquidated damages.

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents include cash on-hand and highly liquid investments readily convertible to cash, with an original maturity of 90 days or less when purchased.

Cash restricted for use as a result of financing or other obligations is classified separately as restricted cash. If the purpose of restricted cash relates to acquiring a long-term asset, liquidating a long-term liability, or is otherwise unavailable for a period longer than one year from the balance sheet date, the restricted cash is included in other long-term assets. Otherwise, restricted cash is included as a separate line item on the Company's consolidated balance sheets.

The Company typically retains cash for operations within one or more bank accounts. These accounts may hold cash in excess of the FDIC limit of \$250,000. As a result, we are subject to concentration risk associated with the underlying custodial banks with whom deposits of cash and cash equivalents in excess of the FDIC limits are held. If access to these accounts is delayed or suspended indefinitely, it could have a material adverse impact on the Company's ability to meet its financial obligations required for operations.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash as shown in the Company's condensed consolidated balance sheets.

| <i>in thousands</i> | March 31, 2023 | | September 30, 2022 | |
|--|----------------|---------|--------------------|---------|
| Cash and cash equivalents | \$ | 194,357 | \$ | 357,296 |
| Restricted cash | | 108,224 | | 62,425 |
| Restricted cash included in "Other non-current assets" | | 10,000 | | 10,000 |
| Total cash, cash equivalents and restricted cash | \$ | 312,581 | \$ | 429,721 |

Restricted cash consisted of the following:

| <i>in thousands</i> | March 31, 2023 | | September 30, 2022 | |
|--|----------------|---------|--------------------|--------|
| Collateral for credit card program | \$ | 2,355 | \$ | 1,580 |
| Collateral for outstanding bank guarantees | | 105,869 | | 60,845 |
| Collateral for surety program included in "Other non-current assets" | | 10,000 | | 10,000 |
| Total restricted cash | \$ | 118,224 | \$ | 72,425 |

Revenue and Cost Recognition

The Company's revenue recognition policy included herein is based on the application of Accounting Standards Codification - Revenue from Contracts with Customers (ASC 606). As of March 31, 2023, the Company's revenue was generated primarily from the sale of energy storage products and solutions, providing operational services, and digital applications and solutions.

Revenue from Energy Storage Products and Solutions: The Company enters into contracts with utility companies, developers, and commercial and industrial customers to design, advise on, and build battery-based energy storage products and solutions. Each energy storage product and/or solution is customized depending on the customer's energy needs. Customer payments are due upon meeting certain milestones that are consistent with contract-specific phases of a project. The Company determines the transaction price based on the consideration expected to be received which includes estimates of liquidated damages or other variable consideration that are included in the transaction price in accordance with ASC 606. We assess any variable consideration using an expected value method. The transaction price identified is allocated to each distinct performance obligation to deliver a good or service based on the relative standalone selling prices. Generally, the Company's contracts to design and build battery-based energy storage products and solutions are determined to have one performance obligation. The Company believes that the prices negotiated with each individual customer are representative of the stand-alone selling price of the product.

The Company recognizes revenue over time as a result of the continuous transfer of control of our product to the customer. This continuous transfer of control to the customer is supported by clauses in the underlying contracts that provide enforceable rights to payment of the transaction price associated with work performed to date for products that do not have an alternative use to the Company and/or the project is built on a customer's land that is under the customer's control.

Revenue for these performance obligations is recognized using the percentage-of-completion method based on cost incurred as a percentage of total estimated contract costs. Standard inventory materials that could be used interchangeably on other projects are included in our measure of progress when they are integrated into, or restricted to, the production of the customer's project. Contract costs include all direct material and labor costs related to contract performance. Pre-contract costs with no future benefit are expensed in the period in which they are incurred. Since the revenue recognition of these contracts depends on estimates, which are assessed continually during the term of the contract, recognized revenues and profit are subject to revisions as the contract progresses to completion. The cumulative effects of revisions of estimated total contract costs and revenues, together with any contract reserves which may be deemed appropriate, are recorded in the period in which they occur. Due to the uncertainties inherent in the estimation process, it is reasonably possible that these estimates will be revised in a different period. When a loss is forecasted for a contract, the full amount of the anticipated loss is recognized in the period in which it is determined that a loss will occur. Refer to "Loss Contracts" below for further discussion.

Our contracts generally provide our customers the right to liquidated damages ("LDs") against Fluence in the event specified milestones are not met on time or equipment is not delivered according to contract specifications. LDs are accounted for as variable consideration, and the contract price is reduced by the expected penalty or LD amount when

recognizing revenue. Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty is resolved. Estimating variable consideration requires certain estimates and assumptions, including whether and by how much a project will be delayed and/or will not meet performance contractual specifications. The existence and measurement of liquidated damages may also be impacted by our judgments about the probability of favorable outcomes of customer disputes involving whether certain events qualify as force majeure or the reason for the events that caused project delays. Variable consideration for liquidated damages is estimated using the expected value of the consideration to be received.

At times Fluence will incur additional costs to execute on the performance of a contract. When this happens, we typically attempt to recover the revenue associated with these costs via a negotiated claim or change order with the customer. When this fact pattern occurs, it will create a timing difference between when we have incurred the cost versus when we record the revenue as costs are recognized immediately when incurred and the revenue from the change order is recognized as an increase to contract price when it is legally enforceable, which is usually upon signing a respective change order or equivalent document confirming the claim acceptance by customer. For the three and six-months ended March 31, 2023, we recognized revenue of approximately \$12.8 million and \$24.3 million, respectively, on price increase change orders during the period in which the performance obligations were substantially satisfied in previous periods.

Revenue from Services: The Company also enters into long-term service agreements with customers to provide operational services related to battery-based energy storage products and solutions. The services include maintenance, monitoring, and other minor services. The Company accounts for the services as a single performance obligation as the services are substantially the same and have the same pattern of transfer to the customers. We recognize revenue over time using a straight-line recognition method for these types of services. The Company believes using a time-based method to measure progress is appropriate as the performance obligations are satisfied evenly over time based on the fact that customers receive the services evenly. Revenue is recognized by dividing the total transaction price over the service period.

Some of the agreements also provide a commitment to perform augmentation activities which would typically be represented by installation of additional batteries, and other components as needed, to compensate for partially lost capacity due to degradation of batteries over time. The obligation to perform augmentation activities can take the form of either maintaining battery capacity above a given threshold for a stated term while others provide a fixed number of augmentations over a contract term. Augmentation arrangements that require us to maintain battery capacity above an established threshold for a given term are considered service-type warranties. These represent a stand-ready obligation in which the customer benefits evenly over time, and we thus recognize revenue for these arrangements using a straight-line recognition method. Alternatively, augmentation arrangements that require us to perform a fixed number of augmentations over a contract term follow the percentage-of-completion revenue recognition method. Since these arrangements require a fixed number of augmentations be performed, we use the pattern of cost as a proxy to identify when our obligations are satisfied and to recognize revenue.

Revenue from Digital Applications and Solutions: In October 2020, Fluence Energy, LLC acquired the Advanced Microgrid Solutions (“AMS”) software and digital intelligence platform, which became the Fluence Trading Platform. In April 2022, the Company acquired Nispera AG, a Zurich based provider of artificial intelligence (AI) and machine learning-enabled Software-as-a-Service (SaaS) targeting the renewable energy sector. Contracts involving the Fluence Trading Platform are generally entered into with commercial entities that control utility-scale storage and renewable generation assets. Fluence Trading Platform arrangements consist of a promise to provide access to proprietary cloud-based Software-as-a-Service to promote enhanced financial returns on the utility-scale storage and renewable generation assets. The Fluence Trading Platform is a hosted service that delivers automated, market-compliant bids to local electricity market operators. Customers do not receive legal title or ownership of the software as a result of these arrangements.

The Fluence Trading Platform is technology and vendor-agnostic (i.e., it can be utilized for wind and solar assets as well as non-Fluence systems). The Fluence Trading Platform is separately identifiable from other services that the Company offers to its customers (i.e., it is not highly interrelated or integrated with other solutions). As such, we determined that the Fluence Trading Platform is accounted for as a separate performance obligation. Revenue from the Fluence Trading Platform includes an integration fee and a monthly subscription fee. We consider the access to the Fluence Trading Platform and related support services in a customer contract to be a series of distinct services which comprise a single performance obligation because they are substantially the same and have the same pattern of transfer. We recognize revenue over time using a straight-line recognition method.

For our sale of energy storage products, services, and digital applications and solutions contracts where there are multiple performance obligations in a single contract, the Company allocates the consideration to the various obligations in the contract based on the relative standalone selling price method. Standalone selling prices are estimated based on estimated costs plus margin. Revenue is recorded net of any taxes assessed on and collected from customers, which are remitted to the governmental authorities.

Cost of Goods and Services: Cost of goods and services consists primarily of product costs, including purchased materials and supplies, as well as costs related to shipping, customer support, product warranty and personnel. Personnel costs in cost of goods and services includes both direct labor costs as well as costs attributable to any individuals whose activities relate to the transformation of raw materials or component parts into finished goods or the transportation of materials to the customer. Cost of goods and services are recognized when services are performed, or control of goods are transferred to the customers, which is generally based upon International Commercial Terms (commonly referred to as “incoterms”) stated in corresponding supply agreements or purchase orders. Standard inventory materials that could be used interchangeably on other projects are included in cost of goods sold when they are integrated into, or restricted to, the production of the customer’s project.

Deferred Revenue: Deferred revenue represents the excess billings to date over the amount of revenue recognized to date. Contract advances represent amounts received by the Company upon signing of the related contracts with customers. The advances are offset proportionately against progress billings. Any outstanding portion is included in deferred revenue on the accompanying consolidated balance sheets.

Loss Contracts: A contract becomes a loss contract when its estimated total costs are expected to exceed its total revenue. The Company accrues the full loss expected in the period a loss contract is identified in “Current liabilities — Accruals and provisions” and “Cost of goods and services” on the Company’s consolidated balance sheets and consolidated statements of operations and comprehensive loss, respectively.

Inventory, Net

Inventory consists of batteries and equipment, cases, inverters, and spare parts which are used in ongoing battery storage projects for sale. Inventory is stated at the lower of cost or net realizable value with cost being determined by the specific identification method. Costs include cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The Company periodically reviews its inventory for potential obsolescence and write down of its inventory, as appropriate, to net realizable value based on its assessment of market conditions.

Fair Value Measurements

The fair value of the Company’s financial assets and liabilities reflects management’s estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs and to minimize the use of unobservable inputs. The following fair value hierarchy, defined by ASC 820, *Fair Value Measurements*, is used to classify assets and liabilities based on the observable inputs and unobservable inputs used to value the assets and liabilities:

Level 1—Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2—Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 inputs include those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted prices, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

Level 3—Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value from the perspective of a market participant. The Company does not have significant recurring Level 3 fair value measurements.

The Company’s cash equivalents include term deposits with original maturity of less than 90 days and are recorded at amortized cost. Fair value of cash equivalents approximates the carrying amount. The carrying amounts of trade receivables, accounts payable and short-term debt obligations approximate fair values due to their short maturities.

Short-term Investments and Marketable Securities: We obtain pricing from Level 1 inputs which includes information from quoted market prices, pricing vendors or quotes from brokers/dealers. We conduct reviews of our primary pricing vendors to determine whether the inputs used in the vendor’s pricing processes are deemed to be observable. The fair value

of U.S. Treasury securities and government-related securities, corporate bonds and notes and common stock is generally determined using standard observable inputs, including reported trades, quoted market prices, matrix pricing, benchmark yields, broker/dealer quotes, issuer spreads, two-sided markets and/or benchmark securities. Marketable securities are presented on the balance sheets at fair value at the end of each reporting period. Gains and losses resulting from the change in fair value of these securities is included in “Other Income” in the accompanying statements of operations.

| <i>in thousands</i> | Three Months Ended March 31, 2023 | | Six Months Ended March 31, 2023 | |
|-------------------------------|--|----------|--|----------|
| Beginning balance | \$ | 109,862 | \$ | 110,355 |
| Contributions / (withdrawals) | | (40,425) | | (41,603) |
| Changes in fair market value | | 586 | | 1,271 |
| Ending Balance | \$ | 70,023 | \$ | 70,023 |

Supply Chain Financing

We have provided certain of our suppliers with access to a supply chain financing program through a third-party financing institution (“SCF Bank”). This program allows us to seek extended payment terms with our suppliers and allows our suppliers to monetize their receivables prior to the payment due date, subject to a discount. Once a supplier elects to participate in the program and reaches an agreement with SCF Bank, the supplier chooses which individual invoices to sell to the SCF Bank. We then pay SCF Bank on the invoice due date. We have no economic interest in a supplier’s decision to sell an underlying receivable to SCF Bank. The agreements between our suppliers and SCF Bank are solely at their discretion and are negotiated directly between those two parties. Our suppliers’ ability to continue using such agreements is primarily dependent upon the strength of our financial condition and guarantees issued by AES and Siemens. As of March 31, 2023, AES and Siemens issued guarantees of \$50 million each, for a total of \$100 million, to SCF Bank on our behalf.

As of March 31, 2023, three suppliers were actively participating in the supply chain financing program, and we had \$96.2 million of payables outstanding subject to the program. All outstanding payments owed under the program are recorded within “Accounts payable” on the condensed consolidated balance sheets.

Loss per Share

As of March 31, 2023, the Company’s amended and restated certificate of incorporation authorizes three classes of common stock: Class A, Class B-1 and Class B-2. Loss per share is calculated and reported under the “two-class” method. The “two-class” method is an earnings allocation method under which earnings (loss) per share is calculated for each class of common stock considering both distributions declared or accumulated and participation rights in undistributed earnings as if all such loss had been distributed during the period.

Basic net loss per share of Class A common stock is computed by dividing net loss attributable to Class A common stockholders by the weighted average number of shares of Class A common stock outstanding during the period. Diluted net loss per share of Class A common stock is computed by adjusting the net loss available to Class A common stockholders and the weighted average shares of Class A common stock outstanding to give effect to potentially dilutive securities. Shares of our Class B-1 and Class B-2 common stock are not entitled to receive any distributions or dividends. When a common unit of Fluence Energy, LLC is redeemed, at the Company’s election, for cash or Class A common stock by a Founder who holds shares of our Class B-1 or Class B-2 common stock, as applicable, such Founder will be required to surrender a share of Class B-1 or Class B-2 common stock, as the case may be, which we will cancel for no consideration. In the event of cash settlement, the Company is required to issue new shares of Class A common stock and use the proceeds from the sale of these newly-issued shares of Class A common stock to fully fund the cash settlement. Therefore, we did not include shares of our Class B-1 or Class B-2 common stock in the computation of basic loss per share. As we have incurred losses for all periods presented, diluted loss per share is equal to basic loss per share because the effect of potentially dilutive securities would be antidilutive.

The following table presents the potentially dilutive securities that were excluded from the computation of diluted loss per share:

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|---|------------------------------|-------------|----------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Class B-1 common stock | 58,586,695 | 117,173,390 | 58,586,695 | 117,173,390 |
| Outstanding stock options | 7,377,287 | 11,286,991 | 7,377,287 | 11,286,991 |
| Outstanding phantom units | 513,865 | 2,167,290 | 513,865 | 2,167,290 |
| Outstanding restricted stock units (“RSUs”) | 2,041,431 | 979,608 | 2,041,431 | 979,608 |

In October 2021, the existing limited liability company agreement of Fluence Energy, LLC was amended and restated which recapitalized all existing interests in the Company on the basis of a 14.79-for-1 split. All shares and per share information has been retroactively adjusted to give effect to the recapitalization for all periods presented, unless otherwise indicated.

All earnings prior to and up to November 1, 2021, the date of completion of the IPO, were entirely allocable to non-controlling interest and, as a result, loss per share information is not applicable for reporting periods prior to this date. Consequently, only the net loss allocable to Fluence Energy, Inc. from the period subsequent to November 1, 2021 is included in the net loss attributable to the stockholders of Class A common stock for six months ended March 31, 2023 and 2022. Basic and diluted net loss per share of Class A common stock for the three and six months ended March 31, 2023 and 2022, respectively, have been computed as follows:

| <i>In thousands, except share and per share amounts</i> | Three Months Ended March 31, | | Six Months Ended March 31, | |
|---|------------------------------|-------------|----------------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net loss | \$ (37,397) | \$ (60,704) | \$ (74,590) | \$ (172,164) |
| Less: Net loss attributable to the non-controlling interest | (12,542) | (41,519) | (25,093) | (124,174) |
| Net loss attributable to Fluence Energy, Inc. | \$ (24,855) | \$ (19,185) | \$ (49,497) | \$ (47,990) |
| Weighted average number of Class A common stock - basic and diluted | 116,266,838 | 54,143,275 | 115,825,339 | 54,143,275 |
| Loss per share of Class A common stock - basic and diluted | \$ (0.21) | \$ (0.35) | \$ (0.43) | \$ (0.89) |

Recent Accounting Standards Adopted

No new accounting standards were adopted during the six months ended March 31, 2023.

Recent Accounting Standards Not Yet Adopted

The following table presents accounting standards not yet adopted:

| Standard | Description | Required date of adoption | Effect on the financial statements and other significant matters |
|--|---|--|---|
| Accounting Standards Update ("ASU") No. 2022-04: Liabilities-Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations | In September 2022, the Financial ASU No. 2022-04, "Disclosure of Supplier Finance Program Obligations" ("ASU 2022-04"). ASU 2022-04 requires entities to disclose the key terms of supplier finance programs they use in connection with the purchase of goods and services, along with the amount of obligations outstanding at the end of each period and an annual rollforward of such obligations. This standard does not affect the recognition, measurement, or financial statement presentation of supplier finance program obligations. | ASU 2022-04 is effective for the Company beginning in its fiscal year ending - September 30, 2024 ("Fiscal 2024") and is to be applied retrospectively to all periods in which a balance sheet is presented. The annual rollforward disclosure is not required to be made until its fiscal year ending September 30, 2025 ("Fiscal 2025") and is to be applied prospectively. Early adoption is permitted. | The Company is evaluating the impact that this guidance will have on disclosures related to its supplier finance program obligations. |

3. Revenue from Contracts with Customers

Our revenue is primarily derived from sales of our energy storage products and solutions. The following table presents the Company's revenue disaggregated by revenue type:

| <i>In thousands</i> | Three Months Ended March 31, | | Six Months Ended March 31, | |
|--|-------------------------------------|-------------------|-----------------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Revenue from energy storage products and solutions | \$ 693,695 | \$ 334,770 | \$ 999,498 | \$ 507,426 |
| Revenue from services | 3,090 | 7,657 | 6,531 | 9,552 |
| Revenue from digital applications and solutions | 1,159 | 297 | 1,940 | 633 |
| Other | 242 | — | 677 | — |
| Total | \$ 698,186 | \$ 342,724 | \$ 1,008,646 | \$ 517,611 |

The following table presents the Company's revenue disaggregated by geographical region. Revenues are attributed to regions based on location of customers:

| <i>In thousands</i> | Three Months Ended March 31, | | Six Months Ended March 31, | |
|---|-------------------------------------|-------------------|-----------------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Americas (North, Central and South America) | \$ 557,197 | \$ 257,492 | \$ 733,668 | \$ 399,325 |
| APAC (Asia Pacific) | 73,637 | 21,250 | 93,197 | 38,059 |
| EMEA (Europe, Middle-East and Africa) | 67,352 | 63,982 | 181,781 | 80,227 |
| Total | \$ 698,186 | \$ 342,724 | \$ 1,008,646 | \$ 517,611 |

Customer Concentration

For the six months ended March 31, 2023, our top three customers, in the aggregate, accounted for approximately 58% of total revenue.

For the six months ended March 31, 2022, the Company had one customer that accounted for 70% of total revenue.

Deferred Revenue

Deferred revenue represents the excess billings over the amount of revenue recognized to date. Deferred revenue from related parties is included in payables and deferred revenue with related parties on the Company's condensed consolidated balance sheets. The following table provides information about deferred revenue from contracts with customers:

| <i>In thousands</i> | Three Months Ended March 31, | | Six Months Ended March 31, | |
|---|-------------------------------------|-------------|-----------------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Deferred revenue, beginning of period | \$ 469,098 | \$ 145,765 | \$ 273,073 | \$ 71,365 |
| Additions | 261,903 | 138,135 | 549,743 | 191,562 |
| Revenue recognized related to amounts that were included in beginning balance of deferred revenue | (146,576) | (61,085) | (238,391) | (40,112) |
| Deferred revenue, end of period | \$ 584,425 | \$ 222,815 | \$ 584,425 | \$ 222,815 |

| <i>In thousands</i> | Three Months Ended March 31, | | Six Months Ended March 31, | |
|---|-------------------------------------|-------------|-----------------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Deferred revenue from related parties, beginning of period | \$ 350,895 | \$ 200,085 | \$ 300,697 | \$ 220,122 |
| Additions | 51,860 | 120,097 | 140,390 | 153,078 |
| Revenue recognized related to amounts that were included in beginning balance of deferred revenue | (215,798) | (148,716) | (254,130) | (201,734) |
| Deferred revenue from related parties, end of period | \$ 186,957 | \$ 171,466 | \$ 186,957 | \$ 171,466 |

Remaining Performance Obligations

The Company's remaining performance obligations ("backlog") represent the unrecognized revenue value of its contract commitments, which include deferred revenue and amounts that will be billed and recognized as revenue in future periods. The Company's backlog may vary significantly each reporting period based on the timing of major new contract commitments and the backlog may fluctuate with currency movements. In addition, under certain circumstances, the Company's customers have the right to terminate contracts or defer the timing of its services and their payments to the Company.

As of March 31, 2023, the Company had \$2.8 billion of remaining performance obligations related to our contractual commitments, of which we expect to recognize approximately 80% in revenue in the next 6 to 30 months and the remainder thereafter.

Variable Consideration

As of March 31, 2023 and September 30, 2022, our transaction prices have been reduced to reflect variable consideration of \$65.7 million and \$75.5 million, respectively. Variable consideration primarily relates to our customers' rights to liquidated damages in the event a specified milestone has not been met or equipment is not delivered according to contract specifications. Variable consideration is estimated using the expected-value method which computes a weighted average amount based on a range of potential outcomes. For contracts in which a significant reversal may occur we constrain the amount of revenue to be recognized.

4. Inventory, Net

Inventory consisted of the following:

| <i>In thousands</i> | March 31, 2023 | | | September 30, 2022 | | |
|---------------------------------------|-------------------|-----------------|-------------------|--------------------|-------------------|-------------------|
| | Cost | Provision | Net | Cost | Provision | Net |
| Cubes, batteries, and other equipment | \$ 764,089 | \$ (884) | \$ 763,205 | \$ 653,059 | \$ (1,294) | \$ 651,765 |
| Shipping containers and spare parts | 10 | — | 10 | 982 | (12) | 970 |
| Total | \$ 764,099 | \$ (884) | \$ 763,215 | \$ 654,041 | \$ (1,306) | \$ 652,735 |

5. Other Current Assets

Other current assets consisted of the following amounts:

| <i>In thousands</i> | March 31, 2023 | September 30, 2022 |
|----------------------------------|------------------|--------------------|
| Taxes recoverable | \$ 13,900 | \$ 14,378 |
| Advance payments | 1,049 | 1,813 |
| Prepaid expenses | 4,184 | 2,095 |
| Prepaid insurance | 5,585 | 1,549 |
| Derivative assets ^(a) | 509 | 5,574 |
| Other | 2,695 | 1,226 |
| Total | \$ 27,922 | \$ 26,635 |

(a) Derivative assets represent forward contracts which are used predominantly to mitigate foreign exchange rate exposure on costs incurred on customer projects, Gains and losses on forward contracts are recorded to cost of goods and services.

6. Intangible Assets, Net

Intangible assets are stated at amortized cost and consist of the following:

| <i>In thousands</i> | March 31, 2023 | | | September 30, 2022 | | |
|------------------------|------------------|--------------------------|------------------|--------------------|--------------------------|------------------|
| | Cost | Accumulated Amortization | Net | Cost | Accumulated Amortization | Net |
| Patents and licenses | \$ 28,558 | \$ (9,945) | \$ 18,613 | \$ 28,551 | \$ (9,033) | \$ 19,518 |
| Developed technology | 29,384 | (3,987) | 25,397 | 28,347 | (2,720) | 25,627 |
| Customer relationship | 4,292 | (884) | 3,408 | 3,340 | (263) | 3,077 |
| Tradenames /Trademarks | 5,263 | (3,021) | 2,242 | 5,216 | (2,679) | 2,537 |
| Other | 44 | (28) | 16 | 1,213 | (276) | 937 |
| Total | \$ 67,541 | \$ (17,865) | \$ 49,676 | \$ 66,667 | \$ (14,971) | \$ 51,696 |

Intangible assets are amortized over their estimated useful lives on a straight-line basis. Total amortization expense for the three months ended March 31, 2023 and 2022 was \$1.4 million and \$0.9 million, respectively. Total amortization expense for the six months ended March 31, 2023 and 2022 was \$2.9 million and \$1.8 million, respectively.

7. Goodwill

No impairment was recognized for the six months ended March 31, 2023 and 2022, respectively. The following table presents the goodwill activity for the six months ended March 31, 2023 and 2022:

| <i>In thousands</i> | Six months ended | |
|------------------------------------|------------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| Goodwill, Beginning of the period | \$ 24,851 | \$ 9,176 |
| Foreign currency adjustment | 1,093 | (8) |
| Goodwill, End of the period | \$ 25,944 | \$ 9,168 |

8. Current Accruals and Provisions

Accruals mainly represent milestones not yet invoiced for inventory such as batteries, cubes, and inverters. According to master supply agreements between the Company and suppliers of our inventory, vendor bills are issued according to contracted billing schedules with certain milestones invoiced after delivery, upon full installation and commissioning of the equipment at substantial completion and final completion project stages. Current accruals and provisions consisted of the following:

| <i>In thousands</i> | March 31, 2023 | | September 30, 2022 | |
|--|-----------------------|---------|---------------------------|---------|
| Accruals | \$ | 92,074 | \$ | 152,996 |
| Provisions for expected project losses | | 9,790 | | 30,032 |
| Warranty accrual | | 12,262 | | 1,625 |
| Total | \$ | 114,126 | \$ | 184,653 |
| Less: non-current portion | | (7,679) | | (839) |
| Current portion | \$ | 106,447 | \$ | 183,814 |

9. Debt

Revolving Credit Facility

On November 1, 2021, we entered into a credit agreement for a revolving credit facility (the “Revolver”), by and among Fluence Energy, LLC, as the borrower, Fluence Energy, Inc., as a parent guarantor, the subsidiary guarantors party thereto, the lenders party thereto and JP Morgan Chase Bank, N.A., as administrative agent and collateral agent (the “Credit Agreement”). The Revolver is secured by a (i) first priority pledge of the equity securities of Fluence Energy, LLC and its subsidiaries and (ii) first priority security interests in, and mortgages on, substantially all tangible and intangible personal property and material fee-owned real property of Fluence Energy, LLC, the parent guarantor and each subsidiary guarantor party thereto, in each case, subject to customary exceptions and limitations. The initial aggregate amount of commitments was \$190.0 million from the lenders party thereto including JP Morgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc., Bank of America, N.A., Barclays Bank PLC, and five other banks. On June 30, 2022, the Company increased the revolving commitment available under the Revolver by \$10.0 million to an aggregate of \$200.0 million with the addition of UBS AG, Stamford Branch as an additional lender under the Revolver. The maturity date of the Revolver is November 1, 2025.

The Revolver bears interest at (i) with respect to Term Benchmark Loans (as defined in the Credit Agreement), the Adjusted LIBO Rate, the Adjusted EURIBOR Rate or the AUD Rate (each as defined in the Credit Agreement), as applicable, plus 3.0%, (ii) with respect to ABR Loans (as defined in the Credit Agreement) the Alternate Base Rate (as defined in the Credit Agreement) plus 2.0%, or (iii) with respect to RFR Loans (as defined in the Credit Agreement), at a rate per annum equal to the applicable Daily Simple RFR (as defined under the Credit Agreement) plus 3.1193% (subject to customary LIBOR replacement provisions and alternative benchmark rates including customary spread adjustments with respect to borrowings in foreign currency). Fluence Energy, LLC is required to pay to the lenders a commitment fee of 0.55% per annum on the average daily unused portion of the revolving commitments through maturity, which will be the four-year anniversary of the closing date of the Revolver. The Revolver also provides for up to \$200.0 million in letter of credit issuances, which will require customary issuance and administration fees, as well as a fronting fee payable to each issuer thereof and a letter of credit participation fee of 2.75% per annum payable to the lenders.

The Credit Agreement contains customary covenants for these types of financing, including, but not limited to, covenants that restrict our ability to incur additional indebtedness; incur liens; sell, transfer, or dispose of property and assets; make investments or acquisitions; make dividends, distributions or other restricted payments; and engage in affiliate transactions. The Credit Agreement limits our ability to make certain payments, including dividends and distributions on Fluence Energy, LLC’s equity, Fluence Energy, Inc.’s equity and other restricted payments. Under the terms of the Credit Agreement, Fluence Energy, LLC and its subsidiaries are currently limited in their ability to pay cash dividends to, lend to, or make other investments in Fluence Energy, Inc., subject to certain exceptions, including among others (i) the ability to make investments of up to the greater of (a) \$10,500,000 and (b) 1.5% of the consolidated assets of Fluence Energy, Inc. and its subsidiaries, and (ii) the ability to issue dividends and make other Restricted Payments (as defined in the Credit Agreement) (a) if after giving pro forma effect to such dividend or other Restricted Payment the Total Liquidity (as defined in the Credit Agreement) of Fluence Energy, Inc. and its subsidiaries party to the Credit Agreement is at least \$600,000,000, or (b) such dividend or other Restricted Payment is made to reimburse Fluence Energy, Inc. for certain tax distributions under the Third Amended and Restated Limited Liability Company Agreement of Fluence Energy, LLC (the “LLC Agreement”) and certain payments under the Tax Receivable Agreement, dated as of November 1, 2021, entered into

connection with the IPO, by and among Fluence Energy, Inc., Fluence Energy, LLC and the Founders (the “Tax Receivable Agreement”) and certain operational expenses incurred in connection with the ownership and management of Fluence Energy, LLC.

In addition, we are required to maintain (i) minimum liquidity and gross revenue requirements, in each case, until consolidated EBITDA reaches \$150.0 million for the most recent four fiscal quarters and we make an election, and (ii) thereafter, a maximum total leverage ratio and a minimum interest coverage ratio. Such covenants will be tested on a quarterly basis. As of March 31, 2023, we were in compliance with all such covenants or maintained availability above such covenant triggers.

As of March 31, 2023, we had no borrowings under the Revolver and availability under the facility of \$152.5 million, net of letters of credit issued of \$47.5 million.

Line of Credit

Prior to the IPO, the Company had an Uncommitted Line of Credit Agreement (“Line of Credit”) with Citibank, N.A. (“Citibank”) which allowed us to borrow an amount in aggregate not to exceed \$50.0 million, with the expiration date on March 31, 2023. Outstanding borrowings from the Line of Credit were \$50.0 million as of September 30, 2021. The weighted-average annual interest rate of the borrowing was 2.83%. On November 1, 2021, the \$50.0 million outstanding borrowings from the Line of Credit was paid off using the proceeds from our IPO and the Line of Credit was canceled shortly thereafter.

Borrowings Against Note Receivable - Pledged as Collateral

During the six-months ended March 31, 2023, we transferred \$24.3 million in customer receivables to Standard Charter Bank (“SCB”) in the Philippines for proceeds of \$21.1 million. The receivables all related to our largest customer in that country. The underlying receivables transferred were previously aggregated into a long term note, with interest, and had a maturity date of September 30, 2024 and was previously classified under “*Other non-current assets*” on our condensed consolidated balance sheet. The transaction is treated as a secured borrowing as we did not transfer the entire note receivable due from the customer to SCB. We continue to receive quarterly interest income from the customer, while SCB is responsible for collecting payments on the principal which represents the initial receivable balance from the customer. We have no other continuing involvement or exposure related to underlying receivables. We will record aggregate interest expense of \$3.2 million to SCB over the 24 month period beginning September 30, 2022 until the note receivable is fully due from the customer.

Refer to Note 12 — *Related-Party Transactions* for details regarding borrowings from related parties.

10. Income Taxes

The Company’s provision for income taxes is based on the estimated annual effective tax rate, plus discrete items.

Income tax expense (benefit) was \$(0.1) million and \$0.1 million for the three months ended March 31, 2023 and 2022, respectively. The effective tax rate for the three months ended March 31, 2023 and 2022 was 0.3% and (0.2)%, respectively. For the three months ended March 31, 2023, the Company’s effective tax rate differs from the U.S. statutory tax rate of 21% primarily due to flow-through losses attributable to the Founder, AES Grid Stability, valuation allowances and foreign exchange gains. For the three months ended March 31, 2022, the Company’s effective tax rate differs from the U.S. statutory tax rate of 21% primarily due to flow-through losses attributable to the Founders, AES Grid Stability and Siemens Industry, and valuation allowances.

Income tax expense (benefit) was \$(0.7) million and \$0.5 million for the six months ended March 31, 2023 and 2022, respectively. The effective tax rate for the six months ended March 31, 2023 and 2022 was 1.0% and (0.3)%, respectively. For the six months ended March 31, 2023, the Company’s effective tax rate differs from the U.S. statutory tax rate of 21% primarily due to flow-through losses attributable to the Founder, AES Grid Stability, valuation allowances and foreign exchange gains. For the six months ended March 31, 2022, the Company’s effective tax rate differs from the U.S. statutory tax rate of 21% primarily due to flow-through losses incurred prior to the IPO on November 1, 2021, flow-through losses attributable to the Founders, AES Grid Stability and Siemens Industry, and valuation allowances.

As of each of March 31, 2023 and September 30, 2022, the Company does not believe it has any significant uncertain tax positions and therefore, has not recorded any unrecognized tax benefits.

The Company evaluates the realizability of its deferred tax assets on a quarterly basis and establishes valuation allowances when it is more-likely-than-not that all or a portion of a deferred tax asset may not be realized. As of March 31, 2023 and September 30, 2022, the Company had recorded a full valuation allowance against deferred tax assets on Fluence Energy, Inc. primarily related to its investment in Fluence Energy, LLC, as well as on certain foreign subsidiaries based on the weight of available evidence, including cumulative losses.

11. Commitments and Contingencies

Guarantees

As of March 31, 2023, the Company had outstanding bank guarantees, parent guarantees and surety bonds issued as performance security arrangements for a number of our customer projects. These contractual commitments are all accounted for off balance sheet.

The following table summarizes contingent contractual obligations as of March 31, 2023. Amounts presented in the following table represent the Company's current undiscounted exposure to guarantees and the range of maximum undiscounted potential exposure. The maximum exposure is not reduced by the amounts, if any, that could be recovered under the recourse or collateralization provisions in the guarantees.

| Contingent Contractual Obligations | Amount (in \$ millions) | Number of Agreements | Maximum Exposure Range for Each Agreement (in millions) |
|---|----------------------------|-------------------------|--|
| Guarantees and commitments | \$1,518 | 33 | \$0 - 446 |
| Letters of credit under the bilateral credit facility | 97.9 | 10 | 0 - 31.5 |
| Letters of credit under Revolver | 47.5 | 33 | 0 - 8.5 |
| Surety bonds | 377 | 29 | 0 - 146 |
| Total | \$2,040.4 | 105 | |

Typical turn-key contracts and long-term service agreements contain provisions for performance liquidated damages payments if the solution fails to meet the guaranteed performance thresholds at completion of the project or throughout the service agreement period.

Purchase Commitments

The Company has commitments for minimum volumes of purchases of batteries under a master supply agreement. Liquidated damages apply if the minimum purchase volumes are not met. The Company expects to meet the minimum committed volumes of purchases. The following presents our future minimum purchase commitments by fiscal year, primarily for batteries, and liquidated damages, if the minimum purchase volumes are not met, as of March 31, 2023:

| <i>in thousands</i> | Purchase Commitments | Liquidated Damages |
|---------------------|----------------------|--------------------|
| 2023 | \$ 535,500 | \$ 17,500 |
| 2024 | 1,908,882 | 143,694 |
| 2025 | 365,700 | 37,002 |
| 2026 and thereafter | 32,400 | 5,004 |
| Total | \$2,842,482 | \$203,200 |

During the three months ended December 31, 2021, the Company made a \$60.0 million advance payment as a capacity guarantee pursuant to a purchase agreement with one of our suppliers, of which, as of March 31, 2023, the balance of \$37.1 million is recorded within "Current assets - Advances to suppliers" and no portion remains within "Non-current assets - Advances to suppliers" on the condensed consolidated balance sheets.

Negotiations with our Largest Battery Module Vendor

In December 2021, we entered negotiations with our largest battery module vendor to amend our battery supply agreement. As part of the discussions the vendor sought to renegotiate the price, we were to pay for battery modules purchased in calendar year 2022 as well as those expected to be purchased during the remainder of calendar year 2022 and calendar year 2023. As part of these negotiations, we also discussed settlement of contractual claims by Fluence to the vendor. These negotiations continued throughout calendar year 2022.

On December 15, 2022, we finalized an agreement with the vendor, amending the supply agreement and resolving our claims. The amendments and settlement were consistent with what we had estimated and disclosed in our consolidated financial statements in our 2022 Annual Report. The approximately \$19.5 million settlement for our claims was recognized as a reduction of costs of goods and services for the six months ended March 31, 2023.

Warranties

The Company is party to both assurance and service-type warranties for various lengths of time. The Company recognizes revenue for service-type warranties using either a straight-line or cost-to-cost method depending on the contract. Extended warranties that customers purchase separately from the related products and services are accounted for as separate performance obligations.

The Company provides a limited warranty related to the successful operation of battery-based energy storage products and solutions, apart from the service type warranties described above and are normally provided for a limited period of time from one to five years, after the commercial operation date or substantial completion depending on the contract terms. The warranties are considered assurance-type warranties which provide a guarantee of quality of the products and solutions.

For assurance-type warranties, we accrue an estimate of future warranty liability cost over the period of construction, consistent with transfer of control and revenue recognition on the equipment or battery-based energy storage products as part of our estimated recurring warranty reserve. Furthermore, we accrue the estimated liability cost of specific reserves or recalls when they are probable and estimable if identified. Our assurance type warranties are often backed by supplier covered warranties. We record a recoverable asset for any specific reserves or recalls when it is probable and estimable that the supplier will reimburse us for the expense. We generally pass through to customers warranties from the original equipment manufacturers of battery modules.

Warranty expense is recorded as a component of “Costs of goods and services” in the Company’s condensed consolidated statements of operations.

As of March 31, 2023 and September 30, 2022, the Company accrued the below estimated warranty liabilities of \$12.3 million (gross of anticipated supplier recoveries of \$1.1 million) and \$1.6 million, respectively.

| <i>In thousands</i> | March 31, 2023 | | September 30, 2022 | |
|--|-----------------------|---------|---------------------------|-------|
| Warranty balance, beginning | \$ | 1,625 | | — |
| Warranty issued and assumed in period - specific campaigns | | 1,803 | | — |
| Warranties issued and assumed in period - recurring product warranty | | 1,364 | | 1,625 |
| Change in estimates | | 8,287 | | — |
| Net changes in liability for pre-existing warranties, included expirations and foreign exchange impact | | (307) | | — |
| Less: costs incurred | | (510) | | — |
| Warranty balance, ending | \$ | 12,262 | \$ | 1,625 |
| Less: supplier recoveries balance at end of period ^(a) | | (1,061) | | — |
| Warranty balance, net of supplier recoveries, at end of period | \$ | 11,201 | \$ | 1,625 |

(a) The supplier recoveries are recorded in other current assets on the balance sheet.

During the three months ended March 31, 2023, the Company updated its estimation model for calculating the recurring warranty reserve rate, which is a key input into our estimated assurance warranty liability.

The key inputs and assumptions used by us to estimate our warranty liability are: (1) the number of units expected to fail or be replaced over time (i.e., failure rate); and (2) the per unit cost of replacement, including shipping, labor costs, and costs for equipment necessary for repair or replacement that are expected to be incurred to replace or repair failed units over time (i.e., repair or replacement cost). Our Safety and Quality department has primary responsibility to determine the estimated failure rates for each generation of product.

The key inputs and assumptions used in calculating the estimated assurance warranty liability are reviewed by management on as needed basis. We may make additional adjustments to the estimated assurance warranty liability based on our comparison of actual warranty results to expected results for significant differences or based on performance trends or other qualitative factors. If actual failure rates, or replacement costs differ from our estimates in future periods, changes to these estimates may be required, resulting in increases or decreases in our estimated assurance warranty liability which may be material. As we are in a rapidly evolving market there is higher degree of estimation uncertainty regarding our estimated recurring warranty accrual rate.

Legal Contingencies

From time to time, the Company may be involved in litigation relating to claims that arise out of our operations and businesses and that cover a wide range of matters, including, among others, intellectual property matters, contract and employment claims, personal injury claims, product liability claims, and warranty claims. The Company accrues for litigation and claims when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. It is reasonably possible that some matters could have an unfavorable result to the Company and could require the Company to pay damages or make expenditures in amounts that could be material.

The following discussion covers the Company's potential loss contingencies as of March 31, 2023:

2021 Cargo Loss Incident

On April 28, 2021, the Company was notified of an emergency aboard a vessel carrying Fluence inventory. This incident (the "Cargo Loss Incident") resulted in damage to a portion of our cargo aboard the vessel. The Company had recorded a \$13.0 million provision to its inventory as of September 30, 2021 based on the net realizable value of cargo that was destroyed. During fiscal year 2022, \$13.0 million of inventory was written off against the provision. In addition to the inventory losses, we incurred incremental expenses related to the incident, primarily consisting of inspection costs, project cost overruns due to logistical changes, legal fees, fees to dispose of the damaged cargo, and additional costs to replace the damaged cargo. We expect to continue to incur legal fees related to the incident. We received an aggregate of \$10.0 million of insurance proceeds related to non-disputed claims, \$7.5 million of which was collected in October 2021 with the remaining \$2.5 million collected in April 2022.

2021 Overheating Event at Customer Facility

On September 4, 2021, a 300 MW energy storage facility owned by one of our customers experienced an overheating event. Fluence served as the energy storage technology provider and designed and installed portions of the facility, which was completed in fiscal year 2021. No injuries were reported from the incident. The facility was taken offline as teams from Fluence, our customer, and the battery designer/manufacturer investigated the incident. Our customer released initial findings in the second fiscal quarter of fiscal year 2022 on what it contends is the root cause of the incident. The customer's stated findings, if ultimately confirmed and proven, could relate to certain scopes of work for which Fluence or its subcontractors could be responsible. The customer's stated findings, however, could also relate to certain scopes of work for which other parties were responsible and/or relate to other causes, including the design and installation of portions of the facility over which Fluence did not have responsibility or control. The customer has alleged that Fluence is liable for the incident but has not yet demanded a specific amount of compensation nor alleged a particular level of responsibility. At this time, Fluence cannot accept the customer's stated findings and has denied liability. No formal legal proceedings have commenced, but it is reasonably possible that litigation may result from this matter if a resolution cannot be achieved. Any such dispute would also likely include claims by Fluence and counterclaims by the customer relating to disputed costs arising from the original design and construction of the facility. The customer announced in July of 2022 that a large portion of the facility was back online. We are currently not able to estimate the impact that this incident may have on our financial results. To date, we do not believe that this incident has impacted the market's adoption of our products and solutions.

2022 Overheating Event at Customer Facility

On April 18, 2022, a 10 MW energy storage facility in Chandler, Arizona owned by AES experienced an overheating event. Fluence served as the energy storage technology provider for the facility, which was completed in 2019, and Fluence currently provides maintenance services for the facility. There were no injuries. The facility has been taken offline as teams from Fluence, AES, and the battery manufacturer investigate the incident. We are currently not able to estimate the impact, if any, that this incident may have on our reputation or financial results, or on market adoption of our products and solutions.

12. Related-Party Transactions

Related parties are represented by AES and Siemens, their respective subsidiaries and other entities under common control. As of March 31, 2023, AES Grid Stability, a wholly owned subsidiary of AES, holds 58,586,695 shares of Class B-1 common stock of Fluence Energy, Inc. and Siemens holds an aggregate of 58,586,695 of Class A common stock of Fluence Energy, Inc.

Borrowings from Related Parties

On August 11, 2021, the Company borrowed \$25.0 million each from AES Grid Stability and Siemens Industry, in the form of subordinated promissory notes, each bearing interest at 2.86% per annum. The promissory notes were paid off in full on November 1, 2021 using proceeds from the IPO. All related party borrowings were for general working capital needs. There were no new related party borrowings during the three and six months ended March 31, 2023.

Sales and Procurement Contracts with Related Parties

The Company signs back-to-back battery-based energy storage product and related service contracts with AES, Siemens, and their subsidiaries (collectively referred to as affiliates) in relation to execution of the affiliates' contracts with external customers and also signs direct contracts with affiliates.

The Company also provides consulting services to AES whereby Fluence will advise and in some cases provide support to AES on procurement, logistics, design, safety and commissioning of certain of their projects. Revenue from consulting services is classified as "Revenue from sale of energy storage products and solutions" in the Company's *Disaggregation of revenue* table in Note 3 - *Revenue from Contracts with Customers*. Revenue from the consulting services is primarily recognized ratably over time based on a project specific period of performance in which we expect the performance obligation to be fulfilled. For the six-months ended March 31, 2023, we have recognized \$9.9 million in revenue from consulting services with related parties.

Revenue from contracts with affiliates is included in "Revenue from related parties" on the Company's condensed consolidated statements of operations and comprehensive loss.

In addition, the Company purchases materials and supplies from its affiliates and records the costs in "Cost of goods and services" on the Company's condensed consolidated statements of operations and comprehensive loss.

Service Agreements with Affiliates

Fluence and its affiliates have signed service agreements under which affiliates provide certain administrative services to Fluence. The services include but are not limited to, treasury, information technology services, sales services, and research and development. Cost of services are accrued monthly and included in "Payables and deferred revenue with related parties", and "General and administrative", "Sales and marketing", or "Research and development" on the Company's condensed consolidated balance sheets and statements of operations and comprehensive loss, respectively.

Contract Performance Guarantees

Fluence paid performance guarantee fees to its affiliates in exchange for guaranteeing Fluence's performance obligations under certain contracts with Fluence's customers, which are based on the affiliates' weighted-average cost for bank guarantees and their per annum cost of surety bonds with a reasonable markup. The guarantee fees are included in "Costs of goods and services" on Fluence's condensed consolidated statements of operations and comprehensive loss.

Balance Sheet Related Party Transactions

The Company's condensed consolidated balance sheet included the following transactions with related parties for the periods indicated:

| <i>In thousands</i> | March 31, 2023 | | September 30, 2022 | |
|---|----------------|----------------|--------------------|----------------|
| Accounts receivable | \$ | 38,495 | \$ | 91,879 |
| Unbilled receivables | | 49,890 | | 20,148 |
| Total receivables from related parties | \$ | 88,385 | \$ | 112,027 |
| Advances to Suppliers - short-term | \$ | 13,963 | \$ | — |
| Advances to Suppliers - long-term | \$ | — | \$ | 8,750 |
| Total advances to suppliers with related parties | \$ | 13,963 | \$ | 8,750 |
| Accounts payable | | 3,272 | | 2,550 |
| Deferred revenue | | 186,957 | | 300,697 |
| Accrued liabilities | | 4,991 | | 3,101 |
| Total payables and deferred revenue with related parties | \$ | 195,220 | \$ | 306,348 |

Unbilled receivables represent the excess of revenues recognized over billings to date on sales or service contracts with related parties. Deferred revenue represents the excess billings to date over the amount of revenue recognized to date on sales or service contracts with related parties. Receivables from related parties and payables and deferred revenue with related parties are unsecured and settlement of these balances occurs in cash. No provision has been made related to the receivables from related parties.

Income Statement Related Party Transactions

The following table presents the related party transactions that are included the Company's condensed consolidated statements of operations and comprehensive loss for the periods indicated:

| <i>In thousands</i> | Three Months Ended March 31, | | Six Months Ended March 31, | |
|-------------------------------------|------------------------------|------------|----------------------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Revenue | \$ 293,076 | \$ 226,926 | \$ 394,082 | \$ 374,759 |
| Cost of goods and services | (2,169) | (2,301) | (8,576) | (9,796) |
| Research and development expenses | (121) | — | (312) | (45) |
| Sales and marketing expenses | (32) | (468) | (45) | (1,075) |
| General and administrative expenses | (490) | (171) | (520) | (1,362) |

Refer to Note 2 - *Summary of Significant Accounting Policies and Estimates* for details of the related party guarantees associated with the supply chain financing program.

13. Stock-Based Compensation

Option Plan

In 2020, the Company established the 2020 Unit Option Plan (the "Option Plan") whereby employees, directors, and consultants, were originally granted non-qualified options to purchase Class A-1 units of Fluence Energy, LLC. As of September 30, 2021, the Company determined that achievement of the performance conditions related to awards granted under the Option Plan was not probable and therefore, no expense was recognized for the non-qualified options during the fiscal year ended September 30, 2021. The completion of the IPO on November 1, 2021 resulted in achievement of the performance condition for the majority of the underlying awards granted under the Option Plan. In connection with the IPO, the non-qualified options were converted into non-qualified stock options to purchase shares of Class A common stock of Fluence Energy, Inc. Non-qualified stock options under the Option Plan have a contractual term of ten years from the date of grant. The Company estimated the fair value of the awards using the Black-Scholes option-pricing model. The outstanding awards will continue to be governed by their existing terms under the Option Plan. The Option Plan is accounted for as an equity plan. We do not expect to make any further awards under the Option Plan.

As of March 31, 2023, 7,377,287 stock options with an exercise price of \$2.45 remain outstanding. The Option Plan has unrecognized stock compensation expense of \$0.7 million as of March 31, 2023.

Phantom Units

Employees, directors, and consultants were granted compensation under the Phantom Equity Incentive Plan (the “Phantom Incentive Plan”). As of September 30, 2021, the Company determined that achievement of the performance conditions related to awards granted under the Phantom Incentive Plan was not probable and therefore, no expense was recognized for the phantom units during the fiscal year ended September 30, 2021. The completion of the IPO on November 1, 2021 resulted in achievement of the performance condition for the majority of the underlying awards granted under the Phantom Incentive Plan. The outstanding awards relate to a modification previously made at the time of the IPO related to awards granted to the Company’s officers. We do not expect to make any further awards under the Phantom Incentive Plan.

As of March 31, 2023, 513,865 phantom unit awards previously issued remained outstanding. The Phantom Incentive Plan has unrecognized stock compensation expense of \$3.4 million as of March 31, 2023.

2021 Incentive Plan

During fiscal year 2021, the Company established the 2021 Incentive Award Plan (the “2021 Incentive Plan”) which reserves 9,500,000 shares of Class A common stock of Fluence Energy, Inc. for issuance to management, other employees, consultants, and board members of the Company. The 2021 Incentive Plan governs both equity-based and cash-based awards, including incentive stock options and restricted stock units (“RSUs”). Employee stock-based awards issued pursuant to the 2021 Incentive Plan that are expected to be settled by issuing shares of Class A common stock are recorded as equity awards. The 2021 Incentive Plan is accounted for as an equity plan. The awards vest ratably at one-third annually on the anniversary of the grant date over a three-year period. The Company generally expenses the grant date fair value of the awards on a straight-line basis over each of the three separately vesting tranches within a given grant. The Company accounts for forfeitures as they occur. During the three months ended March 31, 2023, the Company granted 315,758 RSUs under the 2021 Incentive Award Plan. The weighted-average grant date fair value for the RSUs was \$18.54.

As of March 31, 2023, 2,041,431 RSUs previously issued remained outstanding. The 2021 Incentive Plan has unrecognized stock compensation expense of \$21.3 million as of March 31, 2023.

The following table presents stock-based compensation expense by financial statement line item:

| <i>In thousands</i> | Three Months Ended March 31, | | Six Months Ended March 31, | |
|------------------------------------|-------------------------------------|-----------------|-----------------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Cost of goods and services | \$ 1,256 | \$ 749 | \$ 2,156 | \$ 4,277 |
| Research and development | 1,596 | 1,524 | 3,956 | 3,337 |
| Sales and marketing ^(a) | 454 | (1,987) | 972 | 4,454 |
| General and administrative | 3,980 | 2,442 | 8,679 | 15,537 |
| Total | \$ 7,286 | \$ 2,728 | \$ 15,763 | \$ 27,605 |

(a) The reduction of stock based compensation expense for the three months ended March 31, 2022 was the result of a market-to-market fair value adjustment of our liability classified awards which was driven by our stock price decrease during the three months ended March 31, 2022.

14. Restructuring Plan

On November 11, 2022, the board of directors of the Company approved a restructuring plan to create a more sustainable organization structure for long-term growth. As part of this plan, we have and are continuing to relocate certain positions at high-cost locations to the Fluence India Technology Centre. We expect that the restructuring plan will be complete by the end of fiscal year 2023. Management has the authority to expand the plan as determined necessary. As of March 31, 2023, we have incurred approximately \$2.2 million in severance related to the plan and additional \$1.2 million in consulting fees.

15. Investment in Joint Venture

On August 5, 2022, Fluence Energy Singapore PTE. LTD., a subsidiary of Fluence Energy, LLC, and ReNew Power entered into an agreement to form a partnership in India for an initial investment of \$5.0 million, plus a line of credit of \$15.0 million each for a 50% interest in the partnership. We funded the investment and the joint venture commenced operations in the first quarter of fiscal year 2023. The investment is recorded in “*Other non-current assets*” on our condensed consolidated balance sheet. The investment is accounted for under the equity method with results being reported by Fluence one quarter in arrears. The joint venture is not considered a variable interest entity and we do not consolidate the joint venture as we do not hold a controlling financial interest. We recorded an insignificant equity method loss on the investment for the three months ended March 31, 2023.

16. Subsequent Events

None.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Overview

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Fluence and should be read in conjunction with the accompanying consolidated financial statements and related notes thereto included in this Quarterly Report on Form 10-Q (this “Report”) and in conjunction with our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2022 filed with the Securities and Exchange Commission (the “SEC”) on December 14, 2022 (the “2022 Annual Report”).

Upon the completion of our initial public offering (the “IPO”) and a series of organization transactions (collectively with the IPO, the “Transactions”) on November 1, 2021, Fluence Energy, Inc. became a holding company whose sole material assets are the limited liability interests in Fluence Energy, LLC (the “LLC Interests”). All of our business is conducted through Fluence Energy, LLC, together with its subsidiaries, and the financial results of Fluence Energy, LLC are consolidated in our financial statements. Except where the context clearly indicates otherwise, “Fluence,” “we,” “us,” “our” or the “Company” refers to Fluence Energy, Inc. and its wholly owned subsidiaries.

Our fiscal year begins on October 1 and ends on September 30. References to “fiscal year 2022” refers to the fiscal year ended September 30, 2022.

Negotiations with our Largest Battery Module Vendor

In December 2021, we entered negotiations with our largest battery module vendor to amend our battery supply agreement. As part of the discussions, the vendor sought to renegotiate the price we were to pay for battery modules purchased in calendar year 2022 as well as those expected to be purchased during the remainder of calendar year 2022 and calendar year 2023. As part of these negotiations, we also discussed settlement of contractual claims by Fluence to the vendor. These negotiations continued throughout calendar year 2022.

On December 15, 2022, we finalized an agreement with the vendor, amending the supply agreement and resolving our claims. The amendments and settlement were consistent with what we had estimated and disclosed in our 2022 consolidated financial statements in our 2022 Annual Report. As part of the finalized agreement, we agreed to take on an additional scope of work related to commissioning the battery modules installed. The approximately \$19.5 million settlement for our claims was recognized as a reduction of costs of goods and services for the six months ended March 31, 2023.

2021 Cargo Loss Incident

On April 28, 2021, the Company was notified of an emergency aboard a vessel carrying Fluence inventory. This incident (the “Cargo Loss Incident”) resulted in damage to a portion of our cargo aboard the vessel. The Company has recorded \$13.0 million provision to its inventory as of September 30, 2021, based on the net realizable value of cargo that was destroyed. During fiscal year 2022, \$13.0 million of inventory was written off against the provision. In addition to the inventory losses, we incurred incremental expenses related to the incident, primarily consisting of inspection costs, project cost overruns due to logistical changes, legal fees, fees to dispose of the damaged cargo, and additional cost to replace the damaged cargo. We expect to continue to incur legal fees related to the incident. We received an aggregate of \$10.0 million insurance proceeds related to non-disputed claims, \$7.5 million of which was collected in October 2021 and the remaining \$2.5 million was collected in April 2022.

2021 Overheating Event at Customer Facility

On September 4, 2021, a 300 MW energy storage facility owned by one of our customers experienced an overheating event. Fluence served as the energy storage technology provider and designed and installed portions of the facility, which was completed in fiscal year 2021. No injuries were reported from the incident. The facility was taken offline as teams from Fluence, our customer, and the battery designer/manufacturer investigated the incident. Our customer released initial findings in the second fiscal quarter of 2022 on what it contends is the root cause of the incident. The customer's stated findings, if ultimately confirmed and proven, could relate to certain scopes of work for which Fluence or its subcontractors could be responsible. The customer's stated findings, however, could also relate to certain scopes of work for which other parties were responsible and/or relate to other causes, including the design and installation of portions of the facility over which Fluence did not have responsibility or control. The customer has alleged that Fluence is liable for the incident but has not yet demanded a specific amount of compensation nor alleged a particular level of responsibility. At this time, Fluence cannot accept the customer's stated findings and has denied liability. No formal legal proceedings have been commenced, but it is reasonably possible that litigation may result from this matter if a resolution cannot be achieved. Any such dispute would also likely include claims by Fluence and counterclaims by the customer relating to disputed costs arising from the original design and construction of the facility. The customer announced in July of 2022 that a large portion of the facility was back online. We are currently not able to estimate the impact, that this incident may have on our financial results. To date, we do not believe that this incident has impacted the market's adoption of our products and solutions.

2022 Overheating Event at Customer Facility

On April 18, 2022, a 10 MW energy storage facility in Chandler, Arizona owned by AES experienced an overheating event. Fluence served as the energy storage technology provider for the facility, which was completed in 2019, and Fluence currently provides maintenance services for the facility. There were no injuries. The facility has been taken offline as teams from Fluence, AES, and the battery manufacturer investigate the incident. We are currently not able to estimate the impact, if any, that this incident may have on our reputation or financial results, or on market adoption of our products and solutions.

Restructuring Plan

On November 11, 2022, the board of directors of the Company approved a restructuring plan to create a more sustainable organization structure for long term growth. As part of this plan, we have and are continuing to relocate certain positions at high-cost locations to the Fluence India Technology Centre. We expect that the restructuring plan will be complete by the end of fiscal year 2023. Management has the authority to expand the plan as determined necessary. As of March 31, 2023, we have incurred approximately \$2.2 million in severance costs related to the plan and additional \$1.2 million in consulting fees.

Investment in Joint Venture

On August 5, 2022, Fluence Energy Singapore PTE. LTD., a subsidiary of Fluence Energy, LLC, and ReNew Power entered into an agreement to form a partnership in India for an initial investment of \$5.0 million, plus a line of credit of \$15.0 million each for a 50% interest in the partnership. We funded the investment in the first quarter of fiscal year 2023. The joint venture commenced operations during the first fiscal quarter of fiscal year 2023 and began hiring staff. We recorded an insignificant equity method loss on the investment for the three months ended March 31, 2023.

Segments

The Company's chief operating decision maker ("CODM") is its Chief Executive Officer. The Company's CODM reviews financial information on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. As such, the Company has determined that it operates in one operating segment, which corresponds to one reportable segment.

Key Factors and Trends Affecting our Performance

We believe that our performance and future success depend on several factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and those in Part I, Item 1A. "Risk Factors" in our 2022 Annual Report, in Part II, Item 1A. "Risk Factors" of the quarterly report on Form 10-Q for the period ended December 31, 2022, and Part II, Item 1A. "Risk Factors" of this Report.

Lithium-ion Battery Cost

Our revenue growth is directly tied to the continued adoption of energy storage products and solutions by our customers. The cost of lithium-ion energy storage hardware has declined significantly in the last decade and has resulted in a large addressable market today.

However, according to BloombergNEF's 2022 (issued December 2022) battery price survey, higher raw material costs pushed the average price of lithium-ion battery packs up in calendar year 2022 and prices are expected to remain elevated in the short term. The 2022 price increase marks the first annual increase in price since at least 2010. BloombergNEF predicts battery prices to decline again by 2024 as more extraction and refining capacity comes online. The market for energy storage is rapidly evolving, and while we believe costs will continue to decline over the long term, there is no guarantee that they will decline or decline at the rates we expect, and the short-term increases predicted by BloombergNEF could be larger or last longer than they predict. If costs do not continue to decline long term, this could adversely affect our ability to increase our revenue or grow our business.

Increasing Deployment of Renewable Energy

Deployment of renewable energy resources has accelerated over the last decade, and solar and wind have become a low-cost energy source. BloombergNEF estimates that renewable energy is expected to represent 70% of all new global capacity installations over the next ten years. Energy storage is critical to reducing the intermittency and volatility of renewable energy generation. However, there is no guarantee that the deployment of renewable energy will occur as we anticipate and at the rate estimated by BloombergNEF.

Competition

The market for our products and solutions is competitive and we may face increased competition as new and existing competitors introduce energy storage solutions and components. Furthermore, as we expand our services and digital applications in the future, we may face other competitors including software providers and some hardware manufacturers that offer software solutions. If our market share declines due to increased competition or if we are not able to compete as we expect, our revenue and ability to generate profits in the future may be adversely affected.

Seasonality

We have historically experienced seasonality and see increased order intake in our third and fourth fiscal quarters (April–September), driven by demand in the Northern Hemisphere to install energy storage products and solutions before the summer of the following year. Combined third and fourth fiscal quarter order intake have historically accounted for 80% or more of our total intake each year. Revenue generation is typically significantly stronger in our third and fourth fiscal quarters as we provide the majority of our products and solutions to customers during these periods. However, as we and the market mature we are seeing less seasonality. Fiscal year 2022 third and fourth quarter order intake accounted for only 48% of our total intake for the year. Cash flows historically have been negative in our first and second fiscal quarters, neutral to positive in our third fiscal quarter, and positive in our fourth fiscal quarter. Our services and digital applications and solutions offerings do not experience the same seasonality given their recurring nature.

Government Regulation and Compliance

Governments across the globe have announced and implemented various policies, regulation and legislation to support the transition from fossil fuels to low-carbon forms of energy and to support and accelerate adoption of clean and/or reliable distributed generation technologies. The operation of our business and our customers' use of our products and services are impacted by these various government actions. For example, in August 2022, the United States passed the Inflation Reduction Act of 2022 (the "IRA"), which consists of a number of provisions aimed directly at confronting the climate change crisis. Among other things, the IRA introduced an investment tax credit (ITC) for standalone energy storage and it contains provisions with incentives for grid modernization equipment including domestic battery cell manufacturing, battery module manufacturing and its components, as well as various upstream applications.

Although we generally are not regulated as a utility, federal, state, and local government statutes and regulations concerning electricity heavily influence the market for our product and services. These statutes and regulations, like the IRA, often relate to electricity pricing, transmission and distribution rates, net metering, incentives, taxation, competition with utilities and the interconnection of customer-owned electricity generation. We believe we are well positioned to capture incentives contained in the IRA and that its enactment is favorable to our business and our future operations. However, as this legislation was recently adopted in August 2022 and we have not yet seen the impact these IRA related incentives may have on our business, operations and financial performance as we go forward and cannot guarantee we will

realize anticipated benefits of incentives under the IRA. We are continuing to evaluate the overall impact and applicability of the IRA to our expected results of operations going forward.

Key Components of Our Results of Operations

The following discussion describes certain line items in our condensed consolidated statements of operations and comprehensive loss.

Total Revenue

We generate revenue from energy storage products and solutions, service agreements with customers to provide operational services related to battery-based energy storage products, and from digital application contracts. Fluence enters into contracts with utility companies, developers, and commercial and industrial customers. We derive the majority of our revenues from selling energy storage products. When we sell a battery-based energy storage product and solution, we enter into a contract with our customers covering the price, specifications, delivery dates and warranty for the products being purchased, among other things. The manner in which a solution is provided to a customer may vary, not all solutions may require Fluence to procure batteries on behalf of a customer. A solution may only require logistics, design, installation and/or commission services depending on customer requirements. The Company also generates revenue by providing consulting services to AES whereby Fluence has agreed to advise, and in some cases provide support to AES, on procurement, logistics, design, safety and commissioning of certain of their projects.

Our revenue is affected by changes in the price, volume, and mix of products and services purchased by our customers, which is driven by the demand for our products, geographic mix of our customers, strength of competitors' product offerings, and availability of government incentives to the end-users of our products.

Our revenue growth is dependent on continued growth in the amount of battery-based energy storage products and solutions projects constructed each year and our ability to increase our share of demand in the geographic regions where we currently compete and plan to compete in the future as well as our ability to continue to develop and commercialize new and innovative products that address the changing technology and performance requirements of our customers.

Cost of Goods and Services

Cost of goods and services consists primarily of product costs, including purchased materials and supplies, as well as costs related to shipping, customer support, product warranty, and personnel. Personnel costs in cost of goods and services includes both direct labor costs as well as costs attributable to any individuals whose activities relate to the transformation of raw materials or component parts into finished goods or the transportation of materials to the customer.

Our product costs are affected by the underlying cost of raw materials, including steel and aluminum supply costs, including inverters, casings, fuses, and cable; technological innovation; economies of scale resulting in lower supply costs; and improvements in production processes and automation. We do not currently hedge against changes in the price of raw materials as we don't purchase raw materials; instead, we buy the components of energy storage products from our suppliers and we rely on our suppliers to hedge the underlying raw materials. We generally expect the ratio of cost of goods and services to revenue to decrease as sales volumes increase due to economies of scale, however, some of these costs, primarily personnel-related costs, are not directly affected by sales volume.

Gross Profit (Loss) and Gross Profit Margin

Gross profit (loss) and gross profit margin may vary from quarter to quarter and are primarily affected by our sales volume, product prices, product costs, product mix, customer mix, geographical mix, shipping method, and seasonality.

Operating Expenses

Operating expenses consist of research and development, sales and marketing and general and administrative expenses as well as depreciation and amortization. Personnel-related expenses are the most significant component of our operating expenses and include salaries, stock-based compensation, and employee benefits. We expect to invest in additional resources to support our growth which will increase our operating expenses in the near future.

Research and Development Expenses

Research and development expenses consist of personnel-related costs across our global R&D centers for engineers engaged in the design and development and testing of our integrated products and technologies. Engineering competencies

include data science, software development, network and cyber security, battery systems engineering, industrial controls, UI / UX, mechanical design, and more. R&D expenses also support three product testing labs located across the globe, including a new system-level testing facility in Pennsylvania that will be used for quality assurance and the rapid iteration, testing, and launching of new Fluence energy storage technology and products. We expect research and development expenses to increase in future periods to support our growth and as we continue to invest in research and development activities that are necessary to achieve our technology and product roadmap goals. These expenses may vary from period to period as a percentage of revenue, depending primarily upon when we choose to make more significant investments.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of personnel-related expenses, including salaries, stock-based compensation, and employee benefits. We intend to expand our sales presence and marketing efforts to additional countries in the future.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel-related expenses, including salaries, stock-based compensation, and employee benefits, for our executives, finance, human resources, information technology, engineering and legal organizations that do not relate directly to the sales or research and development functions, as well as travel expenses, facilities costs, bad debt expense and fees for professional services. Professional services consist of audit, legal, tax, insurance, information technology and other costs.

Depreciation and Amortization

Depreciation consists of costs associated with property, plant and equipment (“PP&E”) and amortization of intangibles consisting of patents, licenses, and developed technology over their expected period of use. We expect that as we increase both our revenues and the number of our general and administrative personnel, we will invest in additional PP&E to support our growth resulting in additional depreciation and amortization.

Interest Expense

Interest expense consists primarily of interest previously incurred on our now extinguished Line of Credit and Promissory Notes (each as defined below), unused line fees related to the revolving credit facility (the “Revolver”) pursuant to a credit agreement by and among Fluence Energy, LLC, as the borrower, Fluence Energy, Inc., as a parent guarantor, the subsidiary guarantors party thereto, the lenders party thereto and JP Morgan Chase Bank, N.A., as administrative agent and collateral agent (the “Credit Agreement”), and amortization of debt issuance costs.

Other Income (Expense), Net

Other income (expense), net consists of income (expense) from foreign currency exchange adjustments for monetary assets and liabilities.

Tax Expense

Historically, prior to our IPO, Fluence Energy, LLC was not subject to U.S. federal or state income tax. As such, Fluence Energy, LLC did not pay U.S. federal or state income tax, as taxable income or loss will be included in the U.S. tax returns of its members. Fluence Energy, LLC was subject to income taxes, including withholding taxes, outside the U.S. and our income tax expense (benefit) on the consolidated statements of operations primarily relates to income taxes from foreign operations, withholding taxes on intercompany royalties and changes in valuation allowances related to deferred tax assets of certain foreign subsidiaries. After our IPO, we are now subject to U.S. federal and state income taxes with respect to our allocable share of any taxable income or loss of Fluence Energy, LLC, and are taxed at the prevailing corporate tax rates. We will continue to be subject to foreign income taxes with respect to our foreign subsidiaries and our expectations are valuation allowances will be needed in certain tax jurisdictions. In addition to tax expenses, we also will incur expenses related to our operations, as well as payments under the Tax Receivable Agreement, which we expect could be significant over time. We will receive a portion of any distributions made by Fluence Energy, LLC. Any cash received from such distributions from our subsidiaries will be first used by us to satisfy any tax liability and then to make payments required under the Tax Receivable Agreement.

Key Operating Metrics

The following tables present our key operating metrics as of March 31, 2023 and September 30, 2022, and order intake for the three and six months ended March 31, 2023 and 2022. The tables below present the metrics in either Gigawatts (GW) or Gigawatt hours (GWh). Our key operating metrics focus on project milestones to measure our performance and designate each project as either “deployed”, “assets under management”, “contracted” or “pipeline”.

| | March 31, 2023 | September 30, 2022 | Change | Change % |
|--|----------------|--------------------|--------|----------|
| Energy Storage Products and Solutions | | | | |
| Deployed (GW) | 2.3 | 1.8 | 0.5 | 28 % |
| Deployed (GWh) | 5.5 | 5.0 | 0.5 | 10 % |
| Contracted Backlog (GW) | 4.3 | 3.7 | 0.6 | 16 % |
| Pipeline (GW) | 10.7 | 9.3 | 1.4 | 15 % |
| Pipeline (GWh) | 27.5 | 22.6 | 4.9 | 22 % |

| <i>(amounts in GW)</i> | March 31, 2023 | September 30, 2022 | Change | Change % |
|--------------------------|----------------|--------------------|--------|----------|
| Service Contracts | | | | |
| Assets under Management | 2.2 | 2.0 | 0.2 | 10 % |
| Contracted Backlog | 2.8 | 2.0 | 0.8 | 40 % |
| Pipeline | 7.5 | 8.8 | (1.3) | (15 %) |

| <i>(amounts in GW)</i> | March 31, 2023 | September 30, 2022 | Change | Change % |
|--------------------------|----------------|--------------------|--------|----------|
| Digital Contracts | | | | |
| Assets under Management | 14.8 | 13.7 | 1.1 | 8 % |
| Contracted Backlog | 5.9 | 3.6 | 2.3 | 64 % |
| Pipeline | 21.4 | 19.6 | 1.8 | 9 % |

The table below reflect adjustments made to the 2022 contracted figures reported for energy storage products and digital contracts as a result of enhanced internal control procedures implemented by management during our 2022 year end procedures. Previously we reported energy storage products contracted of 0.6 GW for the three months ended March 31, 2022, digital contracted of 2.8 GW and 3.1 GW for the three months and six months ended March 31, 2022, respectively. Further, prior period metrics were previously presented in Megawatts (MW).

| <i>(amounts in GW)</i> | Three Months Ended March 31, | | Change | Change % | Six Months Ended March 31, | | Change | Change % |
|--|---------------------------------|------|--------|----------|-------------------------------|------|--------|----------|
| | 2023 | 2022 | | | 2023 | 2022 | | |
| Energy Storage Products and Solutions | | | | | | | | |
| Contracted | 0.6 | 0.5 | 0.1 | 20 % | 1.2 | 1.2 | — | — % |
| Service Contracts | | | | | | | | |
| Contracted | 1.0 | 0.3 | 0.7 | 233 % | 1.1 | 0.6 | 0.5 | 83 % |
| Digital Contracts | | | | | | | | |
| Contracted | 2.7 | 2.9 | (0.2) | (7)% | 3.5 | 3.3 | 0.2 | 6 % |

Deployed

Deployed represents cumulative energy storage products and solutions that have achieved substantial completion and are not decommissioned. Deployed is monitored by management to measure our performance towards achieving project milestones.

Assets Under Management

Assets under management for service contracts represents our long-term service contracts with customers associated with our completed energy storage system products and solutions. We start providing maintenance, monitoring, or other

operational services after the storage product projects are completed. In some cases, services may be commenced for energy storage solutions prior to achievement of substantial completion. This is not limited to energy storage solutions delivered by Fluence. Assets under management for digital software represents contracts signed and active (post go live). Assets under management serves as an indicator of expected revenue from our customers and assists management in forecasting our expected financial performance. .

Contracted Backlog

For our energy storage products and solutions contracts, contracted backlog includes signed customer orders or contracts under execution prior to when substantial completion is achieved. For service contracts, contracted backlog includes signed service agreements associated with our storage product projects that have not been completed and the associated service has not started. For digital applications contracts, contracted backlog includes signed agreements where the associated subscription has not started.

Contracted/Order Intake

Contracted, which we use interchangeably with “Order Intake”, represents new energy storage product contracts, new service contracts and new digital contracts signed during each period presented. We define “Contracted” as a firm and binding purchase order, letter of award, change order or other signed contract (in each case an “Order”) from the customer that is received and accepted by Fluence. Our order intake is intended to convey the dollar amount and gigawatts (operating measure) contracted in the period presented. We believe that order intake provides useful information to investors and management because the order intake provides visibility into future revenues and enables evaluation of the effectiveness of the Company’s sales activity and the attractiveness of its offerings in the market.

Pipeline

Pipeline represents our uncontracted, potential revenue from energy storage products, service, and digital software contracts, which have a reasonable likelihood of contract execution within 24 months. Pipeline is an internal management metric that we construct from market information reported by our global sales force. Pipeline is monitored by management to understand the anticipated growth of our Company and our estimated future revenue related to customer contracts for our battery-based energy storage products and solutions, services and digital software.

We cannot guarantee that our contracted backlog or pipeline will result in actual revenue in the originally anticipated period or at all. Contracted backlog and pipeline may not generate margins equal to our historical operating results. We have only recently begun to track our contracted backlog and pipelines on a consistent basis as performance measures, and as a result, we do not have significant experience in determining the level of realization that we will achieve on these contracts. Our customers may experience project delays or cancel orders as a result of external market factors and economic or other factors beyond our control. If our contracted backlog and pipeline fail to result in revenue as anticipated or in a timely manner, we could experience a reduction in revenue, profitability, and liquidity.

Non-GAAP Financial Measures

This section contains references to certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted Gross Profit (Loss), Adjusted Gross Profit Margin, Adjusted Net Loss, and Free Cash Flow.

Adjusted EBITDA is calculated from the consolidated statements of operations using net income (loss) adjusted for (i) interest income (expense), net, (ii) income taxes, (iii) depreciation and amortization, (iv) stock-based compensation, and (v) other income or expenses. Adjusted EBITDA may in the future also be adjusted for amounts impacting net income related to the Tax Receivable Agreement liability.

Adjusted Gross Profit (Loss) is calculated using gross profit (loss), adjusted to exclude (i) stock-based compensation expenses and (ii) certain other income or expenses. Adjusted Gross Profit Margin is calculated using Adjusted Gross Profit (Loss) divided by total revenue.

Adjusted Net Loss is calculated using net loss, adjusted to exclude (i) amortization of intangibles, (ii) stock-based compensation, (iii) other income or expenses, and (iv) tax impact of these adjustments.

Free Cash Flow is calculated from the consolidated statements of cash flows and is defined as net cash provided by operating activities, less purchase of property and equipment made in the period. We expect our Free Cash Flow to fluctuate in future periods as we invest in our business to support our plans for growth. Limitations on the use of Free Cash Flow include (i) it should not be inferred that the entire Free Cash Flow amount is available for discretionary expenditures (for example, cash is still required to satisfy other working capital needs, including short-term investment policy, restricted

cash, and intangible assets); (ii) Free Cash Flow has limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of other GAAP financial measures, such as net cash provided by operating activities; and (iii) this metric does not reflect our future contractual commitments.

These non-GAAP measures are intended as supplemental measures of performance and/or liquidity that are neither required by, nor presented in accordance with, GAAP. We believe that such non-GAAP measures, when read in conjunction with our operating results presented under GAAP, can be used to better assess our performance from period to period and relative to performance of other companies in our industry, without regard to financing methods, historical cost basis or capital structure.

These non-GAAP measures should not be considered in isolation or as substitutes for performance measures calculated in accordance with GAAP and may not be comparable to similar measures presented by other entities. Readers are cautioned that these non-GAAP measures should not be construed as alternatives to other measures of financial performance calculated in accordance with GAAP. These non-GAAP measures and their reconciliation to GAAP financial measures are shown below.

The following tables present our non-GAAP measures for the periods indicated.

| (\$ in thousands) | Three Months Ended March 31, | | | | Six Months Ended March 31, | | | |
|---|---------------------------------|--------------------|------------------|-------------|-------------------------------|--------------------|------------------|-------------|
| | 2023 | 2022 | Change | Change % | 2023 | 2022 | Change | Change % |
| Net loss | \$ (37,397) | \$ (60,704) | \$ (23,307) | (38)% | \$ (74,590) | \$ (172,164) | \$ (97,574) | (57)% |
| Add (deduct): | | | | | | | | |
| Interest expense (income), net ^(a) | (1,077) | 455 | (1,532) | (337)% | (1,733) | 1,070 | (2,803) | (262)% |
| Income tax expense (benefit) | (126) | 128 | (254) | (198)% | (740) | 486 | (1,226) | (252)% |
| Depreciation and amortization | 2,669 | 1,493 | 1,176 | 79 % | 5,093 | 2,920 | 2,173 | 74 % |
| Stock-based compensation ^(b) | 7,263 | 2,728 | 4,535 | 166 % | 15,763 | 27,605 | (11,842) | (43)% |
| Other expenses ^(c) | 3,843 | 2,706 | 1,137 | 42 % | 5,927 | 44,056 | (38,129) | (87)% |
| Adjusted EBITDA | \$ (24,825) | \$ (53,194) | \$ 28,369 | 53 % | \$ (50,280) | \$ (96,027) | \$ 45,747 | 48 % |

(a) Net interest expense (income) for the three months ended March 31, 2023 consists of \$1.1 million of interest expense and \$2.2 million of interest income. Net interest expense (income) for the three months ended March 31, 2022 consists of \$0.7 million of interest expense and \$0.2 million of interest income.

Net interest expense (income) for the six months ended March 31, 2023 consists of \$2.0 million of interest expense and \$3.7 million of interest income. Net interest expense (income) for the six months ended March 31, 2022 consists of \$1.4 million of interest expense and \$0.3 million of interest income.

(b) Includes incentive awards that will be settled in shares and incentive awards that will be settled in cash.

(c) Amount for the three months ended March 31, 2023 included \$1.2 million in severance costs and consulting fees related to the restructuring plan, \$0.8 million related to the 2021 Cargo Loss Incident, \$1.1 million for external expenses related to the ongoing remediation of our material weakness disclosed in our FY 2022 Form 10-K, and \$0.7 million in legal fees related to the 2021 and 2022 overheating events at customer facilities.

Amount for the three months ended March 31, 2022 included a \$(1.7) million reduction related to COVID-19 pandemic costs as a result of release of \$(6.4) million prior period project charges net of excess shipping costs of approximately \$4.7 million which was mostly related to excess port and demurrage fees as a direct result of pandemic-related port disruptions and work shortages and a \$4.4 million loss related to the 2021 Cargo Loss Incident.

Amount for the six months ended March 31, 2023 included \$2.7 million in severance costs and consulting fees related to the restructuring plan, \$1.9 million related to the 2021 Cargo Loss Incident, \$1.1 million for external expenses related to the ongoing remediation of our material weakness disclosed in our FY 2022 Form 10-K, and \$0.2 million in legal fees related to the 2021 and 2022 overheating events at customer facilities.

Amount for the six months ended March 31, 2022 included \$35.3 million of costs related to COVID-19 pandemic including excess shipping costs, project charges and other costs, a \$8.6 million loss related to the 2021 Cargo Loss Incident, and \$0.1 million IPO-related expenses which did not qualify for capitalization. The incremental costs due to COVID-19 pandemic includes (a) approximately \$6.4 million due to excess shipping costs primarily related to abnormally high shipping rates resulting from pandemic-related disruptions in the global supply chain and our distribution channels, (b) additional costs of approximately \$4.0 million related to excess port and demurrage fees as a direct result of pandemic-related port disruptions and work shortages, (c) approximately \$14.4 million in incremental charges and excess costs incurred during the introduction of our newly launched Gen6 solutions due to disruptions in normal course quality assurance processes and (d) approximately \$10.5 million in incremental project charges principally related to liquidated damages under the terms of our customer contracts.

| (\$ in thousands) | Three Months Ended March 31, | | | | Six Months Ended March 31, | | | |
|---|---------------------------------|--------------------|--------------------|---------------|----------------------------|--------------------|--------------------|---------------|
| | 2023 | 2022 | Change | Change % | 2023 | 2022 | Change | Change % |
| Total revenue | \$ 698,186 | \$ 342,724 | \$ 355,462 | 104 % | \$ 1,008,646 | \$ 517,611 | \$ 491,035 | 95 % |
| Cost of goods and services | 667,373 | 357,472 | 309,901 | 87 % | 965,793 | 585,508 | 380,285 | 65 % |
| Gross (loss) profit | 30,813 | (14,748) | (45,561) | (309)% | 42,853 | (67,897) | (110,750) | (163)% |
| Add (deduct): | | | | | | | | |
| Stock-based compensation ^(a) | 1,256 | 749 | 507 | 68 % | 2,156 | 4,277 | (2,121) | (50)% |
| Other expenses ^(b) | (179) | 2,706 | (2,885) | (107)% | 1,563 | 43,972 | (42,409) | (96)% |
| Adjusted Gross Profit (Loss) | \$ 31,890 | \$ (11,293) | \$ (43,183) | (382)% | \$ 46,572 | \$ (19,648) | \$ (66,220) | (337)% |
| Adjusted Gross Profit Margin % | 4.6 % | (3.3)% | | | 4.6 % | (3.8)% | | |

(a) Includes incentive awards that will be settled in shares and incentive awards that will be settled in cash.

(b) Amount for the three months ended March 31, 2023 included reversal of costs of \$(0.3) million related to legal matters, primarily related to the 2021 Cargo Loss Incident and the 2021 and 2022 overheating events at customer facilities and \$0.1 million in severance costs related to the restructuring plan.

Amount for the three months ended March 31, 2022 included a \$(1.7) million reduction related to COVID-19 pandemic costs as a result of release of \$(6.4) million prior period project charges net of excess shipping costs of approximately \$4.7 million which was mostly related to excess port and demurrage fees as a direct result of pandemic-related port disruptions and work shortages and a \$4.4 million loss related to the 2021 Cargo Loss Incident.

Amount for the six months ended March 31, 2023 included \$1.3 million related to legal matters, primarily related to the 2021 Cargo Loss Incident and 2021 and 2022 overheating events at customer facilities and \$0.3 million in severance costs related the restructuring plan.

Amount for the six months ended March 31, 2022 included \$35.3 million costs related to COVID-19 pandemic including excess shipping costs, project charges and other costs as discussed above, and a \$8.6 million loss related to the 2021 Cargo Loss Incident. The incremental costs due to COVID-19 pandemic includes (a) approximately \$6.4 million due to excess shipping costs primarily related to abnormally high shipping rates resulting from pandemic-related disruptions in the global supply chain and our distribution channels, (b) additional costs of approximately \$4.0 million related to excess port and demurrage fees as a direct result of pandemic-related port disruptions and work shortages, (c) approximately \$14.4 million in incremental charges and excess costs incurred during the introduction of our newly launched Gen6 solutions due to disruptions in normal course quality assurance processes, and (d) approximately \$10.5 million in incremental project charges principally related to liquidated damages under the terms of our customer contracts.

| (\$ in thousands) | Three Months Ended March 31, | | | | Six Months Ended March 31, | | | |
|---|---------------------------------|--------------------|--------------------|--------------|-------------------------------|--------------------|--------------------|--------------|
| | 2023 | 2022 | Change | Change % | 2023 | 2022 | Change | Change % |
| Net loss | \$ (37,397) | \$ (60,704) | \$ (23,307) | (38)% | \$ (74,590) | \$ (172,164) | \$ (97,574) | (57)% |
| Add (deduct): | | | | | | | | |
| Amortization of intangible assets | 1,354 | 920 | 434 | 47 % | 2,894 | 1,838 | 1,056 | 57 % |
| Stock-based compensation ^(a) | 7,263 | 2,728 | 4,535 | 166 % | 15,763 | 27,605 | (11,842) | (43)% |
| Other expenses ^(b) | 3,843 | 2,706 | 1,137 | 42 % | 5,927 | 44,056 | (38,129) | (87)% |
| Adjusted Net Loss | \$ (24,937) | \$ (54,350) | \$ (29,413) | (54)% | \$ (50,006) | \$ (98,665) | \$ (48,659) | (49)% |

(a) Includes incentive awards that will be settled in shares and incentive awards that will be settled in cash.

(b) Amount for the three months ended March 31, 2023 included \$1.2 million in severance cost and consulting fees related to the restructuring plan, \$0.8 million related to the 2021 Cargo Loss Incident, \$1.1 million for external expenses related to the ongoing remediation of our material weakness disclosed in our FY 2022 Form 10-K, and \$0.7 million in legal fees related to the 2021 and 2022 overheating events at customer facilities.

Amount for the three months ended March 31, 2022 included a \$(1.7) million reduction related to COVID-19 pandemic costs as a result of release of \$(6.4) million prior period project charges net of excess shipping costs of approximately \$4.7 million which was mostly related to excess port and demurrage fees as a direct result of pandemic-related port disruptions and work shortages, and a \$4.4 million loss related to the 2021 Cargo Loss Incident.

Amount for the six months ended March 31, 2023 included \$2.7 million in severance costs and consulting fees related to the restructuring plan, \$1.9 million related to the 2021 Cargo Loss Incident, \$1.1 million for external expenses related to the ongoing remediation of our material weakness disclosed in our FY 2022 Form 10-K, and \$0.2 million in legal fees related to the 2021 and 2022 overheating events at customer facilities.

Amount for the six months ended March 31, 2022 included \$35.3 million costs related to COVID-19 pandemic including excess shipping costs, project charges and other costs, a \$8.6 million loss related to the 2021 Cargo Loss Incident as discussed above, and \$0.1 million IPO-related expenses which did not qualify for capitalization. The incremental costs due to COVID-19 pandemic includes (a) approximately \$6.4 million due to excess shipping costs primarily related to abnormally high shipping rates resulting from pandemic-related disruptions in the global supply chain and our distribution channels, (b) additional costs of approximately \$4.0 million related to excess port and demurrage fees as a direct result of pandemic-related port disruptions and work shortages, (c) approximately \$14.4 million in incremental charges and excess costs incurred during the introduction of our newly launched Gen6 solutions due to disruptions in normal course quality assurance processes, and (d) approximately \$10.5 million in incremental project charges principally related to liquidated damages under the terms of our customer contracts.

| (\$ in thousands) | Six Months Ended March 31, | | | |
|--|----------------------------|---------------------|------------------|-------------|
| | 2023 | 2022 | Change | Change % |
| Net cash used in operating activities | \$ (163,411) | \$ (140,996) | \$ 22,415 | 16 % |
| Less: Purchase of property and equipment | (1,087) | (1,271) | (184) | (14)% |
| Free Cash Flows | \$ (164,498) | \$ (142,267) | \$ 22,231 | 16 % |

Results of Operations

The following table sets forth our operating results for the periods indicated.

| (\$ in thousands) | Three Months Ended March 31, | | | | Six Months Ended March 31, | | | |
|--|---------------------------------|--------------------|-----------------|--------------|-------------------------------|---------------------|-----------------|--------------|
| | 2023 | 2022 | Change | Change % | 2023 | 2022 | Change | Change % |
| Total revenue | \$ 698,186 | \$ 342,724 | \$ 355,462 | 104% | \$ 1,008,646 | \$ 517,611 | \$ 491,035 | 95% |
| Costs of goods and services | 667,373 | 357,472 | 309,901 | 87% | 965,793 | 585,508 | 380,285 | 65% |
| Gross (loss) profit | 30,813 | (14,748) | (45,561) | (309)% | 42,853 | (67,897) | (110,750) | (163)% |
| Gross profit % | 4.4% | (4.3)% | | | 4.2% | (13.1)% | | |
| Operating expenses | | | | | | | | |
| Research and development | 22,551 | 13,340 | 9,211 | 69% | 41,713 | 24,098 | 17,615 | 73% |
| Sales and marketing | 10,401 | 6,191 | 4,210 | 68% | 19,193 | 19,250 | (57) | —% |
| General and administrative | 31,778 | 25,237 | 6,541 | 26% | 63,045 | 56,438 | 6,607 | 12% |
| Depreciation and amortization | 2,669 | 1,493 | 1,176 | 79% | 5,093 | 2,920 | 2,173 | 74% |
| Interest expense | 1,144 | 676 | 468 | 69% | 1,960 | 1,358 | 602 | 44% |
| Other income (expense), net | 207 | 1,109 | (902) | (81)% | 12,821 | 283 | 12,538 | 4430% |
| Loss before income taxes | \$ (37,523) | \$ (60,576) | (23,053) | (38)% | \$ (75,330) | \$ (171,678) | (96,348) | (56)% |
| Income tax expense (benefit) | (126) | 128 | (254) | (198)% | (740) | 486 | (1,226) | (252)% |
| Net loss | \$ (37,397) | \$ (60,704) | (23,307) | (38)% | \$ (74,590) | \$ (172,164) | (97,574) | (57)% |
| Net loss attributable to non-controlling interests | (12,542) | (41,519) | (28,977) | (70)% | (25,093) | (124,174) | (99,081) | (80)% |
| Net loss attributable to Fluence Energy, Inc. | \$ (24,855) | \$ (19,185) | 5,670 | 30 % | \$ (49,497) | \$ (47,990) | 1,507 | 3 % |

Total Revenue

Total revenue was \$698.2 million for the three months ended March 31, 2023, compared to \$342.7 million for the three months ended March 31, 2022, representing an increase of \$355.5 million, or 104%. The increase in total revenue for the three months ended March 31, 2023 was mainly attributable to the expansion of sales of our battery-based energy storage products and solutions by \$358.9 million offset by a decrease in augmentation services revenue of \$5.2 million. The expansion of sales of our battery-based energy storage products and solutions was primarily driven by (i) higher volumes of Gen6 solutions in the Americas and APAC regions, coupled with achieving select project milestones ahead of expectations, (ii) \$12.8 million in price increases through change orders issued during the period in which the performance obligations were substantially satisfied in previous periods, and (iii) \$9.9 million from consulting services provided to AES.

Total revenue was \$1,008.6 million for the six months ended March 31, 2023, compared to \$517.6 million for the six months ended March 31, 2022, representing an increase of \$491.0 million, or 95%. The increase in total revenue for the six months ended March 31, 2023 was mainly attributable to the expansion of sales of our battery-based energy storage products and solutions by \$492.0 million partially offset by a decrease in augmentation services revenue of \$4.8 million. The expansion of sales of our battery-based energy storage products and solutions was primarily driven by (i) increased volumes of Gen6 solutions across all regions, coupled with achieving select project milestones ahead of expectations, (ii) \$24.3 million in price increases through change orders issued during the period in which the performance obligations were substantially satisfied in previous periods, and (iii) \$9.9 million from consulting services provided to AES.

Costs of Goods and Services

Cost of goods and services was \$667.4 million for the three months ended March 31, 2023, compared to \$357.5 million for the three months ended March 31, 2022, representing an increase of \$309.9 million, or 87%. The increase in cost of goods and services for the three months ended March 31, 2023 was primarily attributable (i) to an expansion of volume of Gen6 solutions sold in the Americas and APAC regions as discussed above and (ii) an increase in warranty expense of \$8.9 million, which were mostly due to change in estimates for the period. These increases were partially offset by \$4.4 million of costs related to the 2021 Cargo Loss Incident that did not recur in the current fiscal period.

Cost of goods and services were \$965.8 million for the six months ended March 31, 2023, compared to \$585.5 million for the six months ended March 31, 2022, representing an increase of \$380.3 million, or 65%. The increase in cost of goods and services for the six months ended March 31, 2023 were primarily attributable (i) to an expansion of volume of Gen6 solutions sold in all regions as discussed above and (ii) an increase in warranty expense for the period of \$9.5 million due mostly to a change in estimate, which were partially offset by (i) elimination of negative effects of COVID-19 pandemic of \$24.8 million that have not recurred in the current year, (ii) elimination of negative effects of the 2021 Cargo Loss Incident of \$8.1 million which did not recur in the current year, and (iii) settlement of contractual claims with our largest battery module vendor of \$19.5 million. The incremental costs due to COVID-19 pandemic of approximately \$24.8 million included (a) approximately \$6.4 million due to excess shipping costs primarily related to abnormally high shipping rates resulting from pandemic-related disruptions in the global supply chain and our distribution channels, (b) additional costs of approximately \$4.0 million related to excess port and demurrage fees as a direct result of pandemic-related port disruptions and work shortages, and (c) approximately \$14.4 million in incremental charges and excess costs incurred during the introduction of our newly launched Gen6 solutions due to disruptions in normal course quality assurance processes.

Gross Profit (Loss) and Gross Profit Margin

Gross profit was \$30.8 million, and gross profit margin was 4.4%, for the three months ended March 31, 2023, compared to a gross loss of \$(14.7) million, and a gross profit margin of (4.3)%, for the three months ended March 31, 2022. For the three months ended March 31, 2023, gross profit was primarily positively impacted by (i) newer Gen6 solutions projects executed at higher margins, (ii) approximately \$12.8 million for price increase change orders issued during the period where the performance obligations were substantially satisfied in previous periods, and (iii) \$7.2 million from the consulting services provided to AES, which were partially offset by \$8.9 million of additional warranty expense during the period. For the three months ended March 31, 2022, gross loss was primarily negatively impacted by (i) \$4.4 million due to the 2021 Cargo Loss Incident and (ii) the additional provision for expected loss on legacy projects executed at lower margins of approximately \$6.6 million.

Gross profit was \$42.9 million, and gross profit margin was 4.2%, for the six months ended March 31, 2023, compared to a gross loss of \$(67.9) million, and a gross profit margin of (13.1)%, for the six months ended March 31, 2022. For the six months ended March 31, 2023, gross profit was primarily positively impacted by (i) newer Gen6 solutions projects executed at higher margins, (ii) approximately \$24.3 million for price increase change orders issued during the period in which the performance obligations were substantially satisfied in previous periods, (iii) \$7.2 million from the consulting services provided to AES, and (iv) settlement of contractual claims with our largest battery module vendor of \$19.5 million. These positive effects were partially offset by (i) additional warranty expense during the period of \$9.5 million and (ii) approximately \$6.7 million of losses on foreign currency derivative contracts used predominantly to mitigate foreign exchange rate exposure on project costs. For the six months ended March 31, 2022, gross loss was negatively impacted by incremental costs incurred due to COVID-19 pandemic of approximately \$35.3 million and negative effects of the 2021 Cargo Loss Incident of \$8.1 million. The incremental costs due to COVID-19 pandemic included \$24.8 million of incremental costs enumerated above under *Costs of Goods and Services* and approximately \$10.5 million in incremental project charges principally related to liquidated damages under the terms of our customer contracts.

Research and Development Expenses

Research and development expense was \$22.6 million for the three months ended March 31, 2023, compared to \$13.3 million for the three months ended March 31, 2022, representing an increase of \$9.2 million and 69%. The increase in research and development expense for the three months ended March 31, 2023 was primarily attributable to (i) \$6.1 million in increased salaries and personnel-related costs in the current period due to higher headcount to support our growth as we have been investing heavily in our human capital, technology, products, and solutions and (ii) \$1.9 million due to spend on materials for prototype products.

Research and development expense was \$41.7 million for the six months ended March 31, 2023, compared to \$24.1 million for the six months ended March 31, 2022, representing an increase of \$17.6 million and 73%. The increase in research and development expense for the six months ended March 31, 2023 was primarily attributable to (i) \$12.5 million in increased salaries and personnel-related costs in the current period due to the same factors discussed above and (ii) \$2.3 million due to spend on materials for prototype products.

Sales and Marketing Expenses

Sales and marketing expense was \$10.4 million for the three months ended March 31, 2023, compared to \$6.2 million for the three months ended March 31, 2022, representing an increase of \$4.2 million and 68%. The increase in sales and marketing expense for the three months ended March 31, 2023 is related to (i) \$2.4 million increase in stock-based compensation expense arising out of the mark-to-market fair value adjustment to our liability classified awards that occurred during the prior year quarter and (ii) \$1.8 million increase in personnel-related expenses due to an increase in headcount.

Sales and marketing expense was \$19.2 million for the six months ended March 31, 2023, compared to \$19.3 million for the six months ended March 31, 2022, representing a decrease of \$0.1 million. The decrease in the sales and marketing expense for the six months ended March 31, 2023 is primarily related to a reduction of stock-based compensation expense of \$3.5 million partially offset by an increase in personnel-related expenses of \$3.1 million due to an increase in headcount. Stock-based compensation expense was higher in the six months ended March 31, 2022 due to previously unrecognized stock-based compensation expense being recognized due to achievement of the performance condition being met upon the IPO.

General and Administrative Expenses

General and administrative expense was \$31.8 million for the three months ended March 31, 2023, compared to \$25.2 million for the three months ended March 31, 2022, representing an increase of \$6.5 million and 26%. The increase in general and administrative expense for the three months ended March 31, 2023 was primarily attributable to an increase in personnel-related expenses of \$7.3 million due to an increase in headcount offset by miscellaneous decreases in other costs.

General and administrative expense was \$63.0 million for the six months ended March 31, 2023, compared to \$56.4 million for the six months ended March 31, 2022, representing an increase of \$6.6 million and 12%. The increase in general and administrative expense for the six months ended March 31, 2023 was primarily attributable to an increase in personnel-related expenses of \$12.0 million due to higher headcount, partially offset by a reduction of stock-based compensation expense of \$6.9 million. Stock-based compensation expense was higher in the six months ended March 31, 2022 due to previously unrecognized stock-based compensation expense being recognized due to achievement of the performance condition being met upon the IPO.

Depreciation and Amortization

Depreciation and amortization was \$2.7 million for the three months ended March 31, 2023, compared to \$1.5 million for the three months ended March 31, 2022, representing an increase of \$1.2 million and 79%. The increase in depreciation and amortization for the three months ended March 31, 2023 was primarily attributable (i) to an increase in amortization of \$0.5 million related to intangible assets acquired in April 2022 and (ii) increase in depreciation expense of \$0.5 million due to an increase in equipment purchases.

Depreciation and amortization was \$5.1 million for the six months ended March 31, 2023, compared to \$2.9 million for the six months ended March 31, 2022, representing an increase of \$2.2 million and 74%. The increase in depreciation

and amortization for the six months ended March 31, 2023 was primarily attributable to an increase in amortization of \$1.5 million related to intangible assets acquired in April 2022.

Interest Expense

Interest expense was \$1.1 million for the three months ended March 31, 2023, compared to \$0.7 million for the three months ended March 31, 2022, representing an increase of \$0.5 million and 69%. The increase in interest expense for the three months ended March 31, 2023 was attributable to \$0.5 million of interest expense on borrowing against a customer receivable.

Interest expense was \$2.0 million for the six months ended March 31, 2023, compared to \$1.4 million for the six months ended March 31, 2022, representing an increase of \$0.6 million and 44%. The increase in interest expense for the six months ended March 31, 2023 was mostly attributable to \$0.5 million of interest expense on a borrowing against a customer receivable.

Other Income (Expense), Net

Other income, net was \$0.2 million for the three months ended March 31, 2023, compared to other income, net of \$1.1 million for the three months ended March 31, 2022, representing a decrease of \$0.9 million and 81%. The decrease in other income net for the three months ended March 31, 2023 was attributable to a decrease in favorable foreign currency exchange adjustments for monetary assets and liabilities of \$4.7 million offset by an increase in interest income of \$3.8 million. The increase in interest income is primarily attributable to higher interest rates of \$2.0 million and income on note receivable balance of \$1.0 million with our largest customer in the Philippines.

Other income, net was \$12.8 million for the six months ended March 31, 2023, compared to other income, net of \$0.3 million for the six months ended March 31, 2022, representing an increase of \$12.5 million and 4430%. The increase in other income, net for the six months ended March 31, 2023 was primarily attributable to (i) favorable foreign currency exchange adjustments for monetary assets and liabilities of \$6.8 million, (ii) increase in interest income of \$3.4 million due to higher interest rates and (iii) increase in interest income of \$1.0 million on note receivable balance with our largest customer in the Philippines.

Income Tax Expense

Income tax expense (benefit) was \$(0.1) million for the three months ended March 31, 2023 and \$0.1 million for the three months ended March 31, 2022, representing a decrease of \$0.2 million and 198%. The effective income tax rate was 0.3% and (0.2)% for the three months ended March 31, 2023 and 2022, respectively. The increase in income tax benefit and change in effective tax rate were primarily due to a decrease in global pre-tax loss as well as a change in the mix of pre-tax loss across foreign jurisdictions.

Income tax expense (benefit) was \$(0.7) million for the six months ended March 31, 2023 and \$0.5 million for the six months ended March 31, 2022, representing a decrease of \$1.2 million and 252%. The effective income tax rate was 1.0% and (0.3)% for the six months ended March 31, 2023 and 2022, respectively. The increase in income tax benefit and change in effective tax rate was primarily due to a decrease in global pre-tax loss, a change in the mix of pre-tax loss across foreign jurisdictions, changes in valuation allowances and foreign exchange gains and losses.

Net Loss

Net loss was \$(37.4) million for the three months ended March 31, 2023, compared to \$(60.7) million for the three months ended March 31, 2022, representing a decrease of \$23.3 million and 38%. The decrease in net loss for the three months ended March 31, 2023 is primarily attributable to an increase in gross profit as described above, partially offset by increases in research and development, sales and marketing and general and administrative expenses as described above.

Net loss was \$(74.6) million for the six months ended March 31, 2023, compared to \$(172.2) million for the six months ended March 31, 2022, representing a decrease of \$97.6 million and 57%. The decrease in net loss for the six months ended March 31, 2023 is primarily attributable to increase in gross profit and increase in other income, net as described above, partially offset by increases in research and development, and general and administrative expenses as described above.

Liquidity and Capital Resources

Since inception and through March 31, 2023, our principal sources of liquidity were the proceeds from our IPO, our cash and cash equivalents, short-term borrowings, borrowings available under the Revolver, capital contributions from AES Grid Stability and Siemens Industry, and proceeds from the QFH investment. We believe the proceeds received from our IPO, cash flows from operations, along with short-term borrowing and borrowings available under the Revolver will be sufficient to meet our expense and capital requirements for at least the next twelve months following the filing of this Report.

On November 1, 2021, upon the closing of our IPO, we received net proceeds of \$935.8 million, after deducting underwriting discounts and offering expenses payable by the Company. The net proceeds from the IPO were used to purchase 35,650,000 newly issued limited liability company interests (“LLC Interests”) directly from Fluence Energy, LLC at a price per unit equal to the IPO price per share of Class A common stock less the underwriting discount and estimated offering expenses payable by us. Fluence Energy, LLC used the net proceeds from the sale of LLC Interests to Fluence Energy, Inc. to repay all outstanding borrowings under the now extinguished Line of Credit and the Promissory Notes (as defined below). The remainder of the proceeds has been used for working capital and other general corporate purposes.

Prior to the IPO, we had a Line of Credit with Citibank which allowed us to borrow an amount in aggregate not to exceed \$50.0 million, with the expiration date on March 31, 2023. During the three months ended December 31, 2021, the Company paid off in full the \$50.0 million outstanding borrowing under the Line of Credit using the proceeds from the IPO. The Line of Credit was canceled shortly thereafter.

Additionally, prior to the IPO, we funded our liquidity through borrowings from AES Grid Stability and Siemens Industry. On August 11, 2021, Fluence Energy, LLC entered into a promissory note with each of Siemens Industry and AES Grid Stability, under which Fluence Energy, LLC received a bridge financing of an aggregate of \$50.0 million. In connection with the bridge financing, Fluence Energy, LLC issued a \$25.0 million promissory note to each of Siemens Industry and AES Grid Stability (together, the “Promissory Notes”). The Promissory Notes bore interest at a rate of 2.86%. The Promissory Notes were repaid in full on November 1, 2021 using proceeds from the IPO.

We have provided certain of our suppliers with access to a supply chain financing program through a third-party financing institution (the “SCF Bank”). This program allows us to seek extended payment terms with our suppliers and allows our suppliers to monetize their receivables prior to the payment due date, subject to a discount. Once a supplier elects to participate in the program and reaches an agreement with the SCF Bank, the supplier elects which individual invoices to sell to the SCF Bank. We then pay the SCF Bank on the invoice due date. We have no economic interest in a supplier’s decision to sell a receivable to the SCF Bank. The agreements between our suppliers and the SCF Bank are solely at their discretion and are negotiated directly between them. Our suppliers’ ability to continue using such agreements is primarily dependent upon the strength of our financial condition and guarantees issued by AES and Siemens. As of March 31, 2023, AES and Siemens issued guarantees of \$50.0 million each, for a total of \$100.0 million, to SCF Bank on our behalf.

As of March 31, 2023, three suppliers were actively participating in the supply chain financing program, and we had \$96.2 million of payables outstanding subject to the program. All outstanding payments owed under the program are recorded within “Accounts payable” on the condensed consolidated balance sheets.

Revolving Credit Facility

On November 1, 2021, we entered into the Credit Agreement, by and among Fluence Energy, LLC, as the borrower, Fluence Energy, Inc., as a parent guarantor, the subsidiary guarantors party thereto, the lenders party thereto and JP Morgan Chase Bank, N.A., as administrative agent and collateral agent. The Revolver is secured by a (i) first priority pledge of the equity securities of Fluence Energy, LLC and its subsidiaries and (ii) first priority security interests in, and mortgages on, substantially all tangible and intangible personal property and material fee-owned real property of Fluence Energy, LLC, the parent guarantor and each subsidiary guarantor party thereto, in each case, subject to customary exceptions and limitations. The initial aggregate amount of commitments was \$190.0 million from the lenders party thereto including JP Morgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc., Bank of America, N.A., Barclays Bank PLC, and five other banks. On June 30, 2022, the Company increased the revolving commitment available under the Revolver by \$10.0 million to an aggregate of \$200.0 million and added UBS AG, Stamford Branch as an additional lender under the Revolver. As of March 31, 2023, the aggregate amount of commitments is \$200.0 million from the lenders party including JP Morgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc., Bank of America, N.A., Barclays Bank PLC, and six other banks. The maturity date of the Revolver is November 1, 2025.

The Revolver bears interest at (i) with respect to Term Benchmark Loans (as defined in the Credit Agreement), the Adjusted LIBO Rate, the Adjusted EURIBOR Rate or the AUD Rate (each as defined in the Credit Agreement), as applicable, plus 3.0%, (ii) with respect to ABR Loans (as defined in the Credit Agreement) the Alternate Base Rate (as defined in the Credit Agreement) plus 2.0%, or (iii) with respect to RFR Loans (as defined in the Credit Agreement), at a rate per annum equal to the applicable Daily Simple RFR (as defined under the Credit Agreement) plus 3.1193% (subject to customary LIBOR replacement provisions and alternative benchmark rates including customary spread adjustments with respect to borrowings in foreign currency). Fluence Energy, LLC is required to pay to the lenders a commitment fee of 0.55% per annum on the average daily unused portion of the revolving commitments through maturity, which will be the four-year anniversary of the closing date of the Revolver. The Revolver also provides for up to \$200.0 million in letter of credit issuances, which will require customary issuance and administration fees, as well as a fronting fee payable to each issuer thereof and a letter of credit participation fee of 2.75% per annum payable to the lenders.

The Credit Agreement contains customary covenants for these types of financing, including, but not limited to, covenants that restrict our ability to incur additional indebtedness; incur liens; sell, transfer, or dispose of property and assets; make investments or acquisitions; make dividends, distributions, or other restricted payments; and engage in affiliate transactions. The terms of the Credit Agreement limit our ability to make certain payments, including dividends and distributions on Fluence Energy, LLC's equity, Fluence Energy, Inc.'s equity and other restricted payments. Under the terms of the Credit Agreement, Fluence Energy, LLC and its subsidiaries are currently limited in their ability to pay cash dividends to, lend to, or make other investments in Fluence Energy, Inc., subject to certain exceptions, including among others (i) the ability to make investments of up to the greater of (a) \$10,500,000 and (b) 1.5% of the consolidated assets of Fluence Energy, Inc. and its subsidiaries, and (ii) the ability to issue dividends and make other Restricted Payments (as defined in the Credit Agreement) (a) if after giving pro forma effect to such dividend or other Restricted Payment the Total Liquidity (as defined in the Credit Agreement) of Fluence Energy, Inc. and its subsidiaries party to the Credit Agreement is at least \$600,000,000, or (b) such dividend or other Restricted Payment is made to reimburse Fluence Energy, Inc. for certain tax distributions under the Third Amended and Restated Limited Liability Company Agreement of Fluence Energy, LLC (the "LLC Agreement") and certain payments under the Tax Receivable Agreement and certain operational expenses incurred in connection with the ownership and management of Fluence Energy, LLC. In addition, we are required to maintain (i) minimum liquidity and gross revenue requirements, in each case, until consolidated EBITDA reaches \$150.0 million for the most recent four fiscal quarters and we make an election, and (ii) thereafter, a maximum total leverage ratio and a minimum interest coverage ratio. Such covenants will be tested on a quarterly basis. As of March 31, 2023, we were in compliance with all such covenants or maintained availability above such covenant triggers.

As of March 31, 2023, we had no borrowings under the Revolver and availability under the facility of \$152.5 million, net of letters of credit issued of \$47.5 million.

Historical Cash Flows

The following table summarizes our cash flows from operating, investing, and financing activities for the periods presented.

| (\$ in thousands) | Six Months Ended March 31, | | Change | Change % |
|---|----------------------------|--------------|--------------|-----------|
| | 2023 | 2022 | | |
| Net cash used in operating activities | \$ (163,411) | \$ (140,996) | \$ (22,415) | (15.9)% |
| Net cash provided by (used in) investing activities | \$ 35,503 | \$ (2,395) | \$ 37,898 | (1582.4)% |
| Net cash provided by (used in) financing activities | \$ 23,810 | \$ 828,044 | \$ (804,234) | (97.1)% |

Net cash flows used in operating activities were \$163.4 million for the six months ended March 31, 2023 compared to \$141.0 million for the six months ended March 31, 2022. The increase in net operating cash outflows was primarily driven by increases in trade and unbilled receivables of \$166.9 million, as well as \$141.3 million in purchases of inventory, offset by \$97.6 million reduction of net operating loss and increases in accounts payable and deferred revenue of \$211.1 million. Inventory increased as compared to the same period in the prior year as a risk mitigation strategy to provide the Company with supply chain assurance. The inventory build in the first half of the fiscal year was partially funded by customer advances and milestone payments.

Net cash flows provided by investing activities were \$35.5 million for the six months ended March 31, 2023, which included \$1.1 million purchases of property and equipment and \$5.0 million investment in joint venture offset by proceeds from short term investments of \$41.6 million. Net cash flows used in investing activities were \$2.4 million for the six months ended March 31, 2022, due to purchases of property and equipment.

Net cash flows provided by financing activities were approximately \$23.8 million for the six months ended March 31, 2023. The net cash flows provided by financing activities were primarily related to \$21.1 million of proceeds from borrowings against notes receivable and \$3.0 million of proceeds from the exercise of stock options, offset by \$0.3 million related to repurchase of Class A common stock placed in treasury. Net cash flows provided by financing activities were \$828.0 million for the six months ended March 31, 2022, which included \$948.0 million net proceeds from issuance of Class A common stock sold in the IPO, net of underwriting discounts and offering expenses, offset by \$10.3 million for payments of IPO-related costs, the repayment of \$100.0 million short term borrowings from the Line of Credit and the Promissory Notes, a \$6.3 million payment of transaction costs related to issuance of membership units, and \$3.3 million payments of debt issuance costs related to the Revolver.

Credit Support and Reimbursement Agreement

We are party to an Amended and Restated Credit Support and Reimbursement Agreement with AES and Siemens Industry whereby they may, from time to time, agree to furnish credit support to us in the form of direct issuances of credit support to our lenders or other beneficiaries or through their lenders' provision of letters of credit to backstop our own facilities or obligations. Pursuant to the Amended and Restated Credit Support and Reimbursement Agreement, if AES or Siemens Industry agree to provide a particular credit support (which they are permitted to grant or deny in their sole discretion), they are entitled to receipt of a credit support fee and reimbursement for all amounts paid to our lenders or other counterparties, payable upon demand. The Amended and Restated Credit Support and Reimbursement Agreement initially expires on June 9, 2025 (the "initial expiration date"), and will automatically and indefinitely continue after such date; after such initial expiration date, either AES or Siemens Industry is permitted to terminate the agreement upon six months prior notice. Any credit support under the Credit Support and Reimbursement Agreement will remain in effect after any such termination until such credit support has been replaced by the Company.

Tax Receivable Agreement

In connection with the IPO, we entered into the Tax Receivable Agreement with Fluence Energy, LLC and Siemens Industry and AES Grid Stability (together, the "Founders"). Under the Tax Receivable Agreement, we are required to make cash payments to the Founders equal to 85% of the tax benefits, if any, that we actually realize, or in certain circumstances are deemed to realize, as a result of (1) the increases in our share of the tax basis of assets of Fluence Energy, LLC and its subsidiaries resulting from any redemptions or exchanges of LLC Interests from the Founders and certain distributions (or deemed distributions) by Fluence Energy, LLC; and (2) certain other tax benefits arising from payments under the Tax Receivable Agreement. The payment obligation under the Tax Receivable Agreement is an obligation of Fluence Energy, Inc. and not of Fluence Energy, LLC. We expect to use distributions from Fluence Energy, LLC to fund any payments that we will be required to make under the Tax Receivable Agreement. To the extent we are unable to make timely payments under the Tax Receivable Agreement for any reason, such payments generally will be deferred and will accrue interest until paid; provided, however, that nonpayment for a specified period may constitute a material breach of a material obligation under the Tax Receivable Agreement resulting in the acceleration of payments due under the Tax Receivable Agreement. Fluence Energy, Inc. expects to benefit from the remaining 15% of cash tax benefits, if any, it realizes from such tax benefits. For purposes of the Tax Receivable Agreement, the cash tax benefits will be computed by comparing the actual income tax liability of Fluence Energy, Inc. to the amount of such taxes that Fluence Energy, Inc. would have been required to pay had there been no such tax basis adjustments of the assets of Fluence Energy, LLC or its subsidiaries as a result of redemptions or exchanges and had Fluence Energy, Inc. not entered into the Tax Receivable Agreement.

On June 30, 2022, Siemens Industry, Inc. exercised its redemption right pursuant to the terms of LLC Agreement with respect to its entire holding of 58,586,695 LLC Interests of Fluence Energy, LLC, together with the corresponding cancellation of an equivalent number of shares of Class B-1 common stock of Fluence Energy, Inc., par value \$0.00001 per share (the "Redemption"). The Redemption resulted in increases in the tax basis of the assets of Fluence Energy, LLC and certain of its subsidiaries. The increases in tax basis and tax basis adjustments increases (for tax purposes) the depreciation and amortization deductions available to Fluence Energy, Inc. and, therefore, may reduce the amount of U.S. federal, state, and local tax that Fluence Energy, Inc. would otherwise be required to pay in the future, although the IRS may challenge all or part of the validity of that tax basis, and a court could sustain such a challenge.

We expect that as a result of the tax basis adjustment of the assets of Fluence Energy, LLC and its subsidiaries upon the Redemption and our possible utilization of certain tax attributes, the payments that we may make under the Tax Receivable Agreement will be substantial. As a result of the Redemption, we estimate tax savings of approximately \$109.6 million. Siemens will be entitled to receive payments under the Tax Receivable Agreement equaling 85% of such amount, or \$93.1 million; assuming, among other factors, (i) we will have sufficient taxable income to fully utilize the tax benefits; (ii) Fluence Energy, LLC is able to fully depreciate or amortize its assets; and (iii) no material changes in applicable tax law.

The payments under the Tax Receivable Agreement are not conditioned upon continued ownership of us by the Founders. Although the timing and extent of future payments could vary significantly under the Tax Receivable Agreement, we anticipate funding payments from the Tax Receivable Agreement from cash flow from operations of our subsidiaries, available cash or available borrowings under any future debt agreements.

We have determined it is not probable payments under the Tax Receivable Agreement would be made, given there is no expectation of future sufficient taxable income over the term of the agreement to utilize the deductions in the future. Therefore, the Company has not recognized the liability. Should we determine that the Tax Receivable Agreement payment is probable, a corresponding liability will be recorded and as a result, our future results of operations and earnings could be impacted as a result of these matters.

Commitments, Contingent Obligations and Off-Balance Sheet Arrangements

As of March 31, 2023, the Company had outstanding bank guarantees, parent guarantees and surety bonds issued as performance security arrangements for several customer projects. The Company has certain battery purchase obligations under a master supply agreement with a supplier. We are also party to both assurance and service-type warranties for various lengths of time. See *Note 11 - Commitments and Contingencies* to our condensed consolidated financial statements included elsewhere in this Report for more information regarding our contingent obligations, including off-balance sheet arrangements, and legal contingencies.

Critical Accounting Policies and Use of Estimates

Our financial statements have been prepared in accordance with GAAP. In the preparation of these financial statements, we consider an accounting judgment, estimate, or assumption to be critical when (1) the estimate or assumption is complex in nature or requires a high degree of judgment and (2) the use of different judgments, estimates, and assumptions could have a material impact on the consolidated financial statements.

During the three months ended March 31, 2023, there was a change in our warranty liability estimation method - Refer to *Note 11 - Commitments and Contingencies*. Other than this change in estimate, there were no other significant changes in application of our critical accounting policies or estimation procedures from those described under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Use of Estimates” in our 2022 Annual Report and the notes to the audited consolidated financial statements appearing elsewhere in the 2022 Annual Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes with respect to our exposure to market risk as disclosed in Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” of our 2022 Annual Report.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance of achieving the objective that information in our Securities Exchange Act of 1934, as amended (the “Exchange Act”) reports is recorded, processed, summarized and reported within the time periods specified and pursuant to the requirements of the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2023, the end of the period covered by this Report. Based upon that evaluation, and as a result of the material weaknesses described below, management concluded that, as of March 31, 2023, our disclosure controls and procedures were not effective at the reasonable assurance level.

Material Weaknesses and Remediation Measures

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis.

As of March 31, 2023, a material weakness in the internal control over revenue recognition and related inventory has not been fully remediated. The Company did not sufficiently design and implement controls related to revenue recognition and associated processes, including in-transit and delivered equipment and liquidated damages.

We assessed the material weakness as not fully remediated due to the timing of control implementation and operating issues identified in management's assessment of controls. However, there have been significant efforts and additional controls implemented to address the risks as follows: (1) enhancement of our revenue recognition policies, including training on the policies, (2) implementation of project-level and accounting-level controls to review project costs, liquidated damages, and revenue calculations, (3) implementation of effective controls over account analyses and reconciliations, and (4) hired additional resources and continue to hire to provide necessary expertise to continue to mature the control environment.

We believe we are making progress toward achieving the effectiveness of our internal control over financial reporting and disclosure controls and procedures. The actions that we are taking are subject to ongoing senior management review, as well as Audit Committee oversight. We are committed to maintaining a strong internal control environment and implementing measures designed to help ensure that control deficiencies contributing to the material weakness are remediated as soon as possible. We will consider the material weakness remediated after the applicable controls operate for a sufficient period of time, and management has concluded, through testing, that the controls are operating effectively.

Changes in Internal Control over Financial Reporting

We are taking actions to remediate the material weakness relating to our internal control over financial reporting. Other than the changes to our internal control over financial reporting described in "Material Weaknesses and Remediation Measures" above, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

From time to time, we may be involved in litigation relating to claims that arise out of our operations and business that cover a wide range of matters, including, among others, intellectual property matters, contract disputes, insurance and property damage claims, employment claims, personal injury claims, product liability claims, environmental claims and warranty claims. Currently, there are no claims or proceedings against us that we believe will have a material adverse effect on our business, financial condition, results of operations or cash flows. However, the results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, we may incur significant costs and experience a diversion of management resources as a result of claims and litigation.

For a description of our material pending legal contingencies, please see Note 11 - *Commitments and Contingencies*, to the unaudited condensed consolidated financial statements included elsewhere in this Report.

Item 1A. Risk Factors

There have been no material changes with respect to our risk factors previously disclosed in our 2022 Annual Report, other than the risk factors disclosed in our Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2022 (“First Quarter 10-Q”), and as stated below. You should carefully consider the risks described in Item 1A. “Risk Factors” of our 2022 Annual Report and our First Quarter 10-Q, which are incorporated herein by reference, together with the below risk factors and all of the other information included in this Report, before making an investment decision. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks or uncertainties.

Adverse developments affecting the financial services industry, including events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties, could adversely affect our business, financial condition or results of operations.

Events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. Most recently, on March 10, 2023, Silicon Valley Bank (“SVB”) was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (“FDIC”) as receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. While we do not have any exposure to these banks, we do hold the cash and cash equivalents used to meet our working capital and operating expense needs at financial institutions often in balances that exceed the current FDIC insurance limits. If other banks and financial institutions enter receivership or become insolvent in the future, our ability to access our cash and cash equivalents to satisfy our operations may be threatened and could have a material adverse effect on our business and financial condition. We may also lose amounts in excess of the FDIC insurance limits and there can be no guarantee that the government would intervene. In addition, if any of our customers, suppliers or other parties with whom we conduct business are unable to access funds pursuant to such instruments or lending arrangements with such a financial institution, such parties’ ability to pay their obligations to us or to enter into new commercial arrangements requiring additional payments to us could be adversely affected.

Further, although we assess our banking and customer relationships as we believe necessary or appropriate, our access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that affect us, the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations regarding the foregoing.

In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our ability to meet our operating expenses, financial obligations or fulfill our other obligations, or result in breaches of our contractual obligations. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on our liquidity and our business, financial condition or results of operations.

Estimation uncertainty related to our product warranties for our energy storage products, which are complex, could contain defects, and/ or may not operate at expected performance levels, may cause us to continue to incur additional warranty expenses and could adversely affect our business and results of operations.

We offer standard limited assurance type product warranties, as well as extended service type warranties. Our limited warranties cover defects in materials and workmanship of our under products for normal use and service conditions typically between one and five years following commercial operation date or substantial completion depending on the contract. As a result, we bear the risk of warranty claims long after we have sold the product and recognized revenue. Our estimated costs of warranty for previously sold products may change to the extent future products may not be compatible with earlier generation products under warranty. Furthermore, as we are in a rapidly evolving industry, there is higher degree of uncertainty regarding estimated warranty costs due to limited data. We lack sufficient operating history to fully confirm how our product will perform over the estimated warranty period and the estimated reserve may have material changes. In addition, under real world operating conditions, which may vary by location and design, as well as environmental conditions, our product may perform in a different way than under standard test conditions or other failure data sets. We depend significantly on our reputation for reliability and high-quality products and services, exceptional customer service and our brand name to attract new customers and grow our business. If our products and services do not perform as anticipated or we experience unexpected reliability problems or widespread product failures, our brand and market reputation could be significantly impaired and we may lose, or be unable to gain or retain, customers which could impact our business and results of operations

Because of the limited operating history of our products, we have been required to make assumptions and apply judgments, including the durability and reliability of our products, performance over the estimated warranty period and our anticipated rate of warranty claims. Our assumptions could prove to be materially different from the actual performance of our products, causing us to incur substantial expense to repair or replace defective products in the future. An increase in our estimates of future warranty obligations due to product failure rates, field service obligations and rework costs incurred in correcting product failures could cause us to increase the amount of warranty obligations and may adversely impact on our results of operations. If our warranty reserves are inadequate to cover future warranty claims on our energy storage products, our financial condition and results of operations will be adversely affected. Warranty reserves include our management's best estimates of the projected costs to repair or to replace items under warranty, which is based on estimated failure rates. Such estimates are inherently uncertain and changes to our historical or projected experience, especially with respect to Energy products which are still in development and which we expect to produce at significantly greater volumes than our past products, may cause material changes to our warranty reserves in the future.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None

Item 6. Exhibits

(a) The following exhibits are filed as part of this

| Exhibit No. | Exhibit Description | Incorporated by Reference | | | |
|-------------|---|---------------------------|-----------|-------------|-------------------|
| | | Form | File No. | Exhibit No. | Filing Date |
| 3.1 | Amended and Restated Certificate of Incorporation of Fluence Energy, Inc. | 8-K | 001-40978 | 3.1 | November 3, 2021 |
| 3.2 | First Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Fluence Energy, Inc. | 8-K | 001-40978 | 3.1 | December 22, 2022 |
| 3.3 | Amended and Restated Bylaws of Fluence Energy, Inc. | 8-K | 001-40978 | 3.2 | November 3, 2021 |
| 10.1* | Form Restricted Stock Unit Award Agreement (Employee) | | | | |
| 10.2* | Form Restricted Stock Unit Award Agreement (Director) | | | | |
| 31.1* | Certification of the Company's Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | |
| 31.2* | Certification of the Company's Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | |
| 32.1** | Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | | |
| 32.2** | Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | | |
| 101.INS | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. | | | | |
| 101.SCH* | XBRL Taxonomy Extension Schema Document. | | | | |
| 101.CAL* | XBRL Taxonomy Extension Calculation Linkbase Document. | | | | |
| 101.DEF* | XBRL Taxonomy Extension Definition Linkbase Document. | | | | |
| 101.LAB* | XBRL Taxonomy Extension Label Linkbase Document. | | | | |
| 101.PRE* | XBRL Taxonomy Extension Presentation Linkbase Document. | | | | |
| 104 | Cover Page Interactive Data File - The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. | | | | |

* Filed herewith.

** This certification is being furnished solely to accompany this Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing of the registrant under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

Pursuant to the requirements of the Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Fluence Energy, Inc.

Date: May 11, 2023

By: /s/ Julian Nebreda
Julian Nebreda
Chief Executive Officer and President (Principal Executive Officer)

Date: May 11, 2023

By: /s/ Manavendra Sial
Manavendra Sial
Chief Financial Officer and Senior Vice President (Principal Financial Officer)

| |
|---|
| FLUENCE ENERGY, INC. 2021 INCENTIVE AWARD PLAN |
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RESTRICTED STOCK UNIT GRANT NOTICE

Capitalized terms not specifically defined in this Restricted Stock Unit Grant Notice (the “**Grant Notice**”) have the meanings given to them in the 2021 Incentive Award Plan (as amended from time to time, the “**Plan**”) of Fluence Energy, Inc. (the “**Company**”).

The Company has granted to the participant listed below (“**Participant**”) the Restricted Stock Units described in this Grant Notice (the “**RSUs**”), subject to the terms and conditions of the Plan and the Restricted Stock Unit Agreement attached as **Exhibit A** (the “**Agreement**”) and the special provisions for the Participant’s country of residence, if any, attached to the Agreement as Annex A-1 (the “**Foreign Annex**”), the terms of which are incorporated into this Grant Notice by reference.

The individual grant notice within the electronic Agreement provides grant details such as Participant Name, Grant Date, Number of RSUs, Vesting Commencement Date, and Vesting Schedule. The RSUs shall vest one-third annually over three years on the anniversary of the Grant Date, subject to the Participant’s continuous and active service with the Company and its Affiliates through each vesting date.

Withholding Tax Election: By accepting this Award electronically through the Plan service provider’s online grant acceptance policy (the date of such acceptance, the “**Acceptance Date**”), the Participant understands and agrees that as a condition of the grant of the RSUs hereunder, the Participant is required to, and hereby affirmatively elects to (the “**Sell to Cover Election**”), (1) sell that number of Shares determined in accordance with Section 3.2 of the Agreement as may be necessary to satisfy the [tax withholding obligations] arising exclusively from any taxable event in connection with the RSUs, and (2) to allow the Agent (as defined in the Agreement) to remit the cash proceeds of such sale(s) to the Company. Furthermore, the Participant directs the Company to make a cash payment equal to such tax withholding obligations from the cash proceeds of such sale(s) directly to the appropriate taxing authorities. Sales pursuant to the Sell to Cover Election will apply solely in respect of taxable events occurring on or after [the later of (1) ninety (90) days following the Acceptance Date and (2) two business days following the disclosure of the Company’s financial results in a Form 10-Q or Form 10-K for the fiscal quarter in which the Acceptance Date occurred, provided that, the such effective date shall occur no later than one hundred twenty (120) days following the Acceptance Date]¹[the thirtieth (30th) day following the Acceptance Date]² (the effective date, the “**Sell to Cover Commencement Date**”). **The Participant has carefully reviewed Section 3.2 of the Agreement and the Participant hereby represents and warrants that on the Acceptance Date he or she is not aware of any material, nonpublic information with respect to the Company or any securities of the Company, is not subject to any legal, regulatory or contractual restriction that would prevent the Agent from conducting sales, does not have, and will not attempt to exercise, authority, influence or control over any sales of Shares effected by the Agent pursuant to the Agreement, and has and will act in good faith with respect to the Agreement and this election to “sell to cover” and is not entering into the Agreement and this election to “sell to cover” as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 (regarding trading of the Company’s securities on the basis of material nonpublic information) under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). It is the Participant’s intent that this Sell to Cover Election comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Exchange Act and the exemption for**

¹ Note to Draft: For Section 16 officers.

² Note to Draft: For all Participants other than Section 16 officers.

contracts, instructions or plans providing for an eligible sell-to-cover transactions under Rule 10b5- 1(c)(1)(ii)(D)(3) and be interpreted consistent with such intent.

By Participant's signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice, the Foreign Annex and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice, the Foreign Annex and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice, the Foreign Annex or the Agreement.

FLUENCE ENERGY, INC.

PARTICIPANT

By:

Name:

Title:

Participant Name

RESTRICTED STOCK UNIT AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I. GENERAL

1.1 **Award of RSUs**. The Company has granted the RSUs to Participant effective as of the grant date set forth in the Grant Notice (the “***Grant Date***”). Each RSU represents the right to receive one Share or, at the option of the Company, an amount of cash, in either case, as set forth in this Agreement. Participant will have no right to the distribution of any Shares or payment of any cash until the time (if ever) the RSUs have vested.

1.2 **Incorporation of Terms of Plan**. The RSUs are subject to the terms and conditions set forth in this Agreement, the Plan and the Foreign Annex, if applicable, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control. If the Foreign Annex applies to the Participant, in the event of a conflict between the terms of this Agreement, the Plan or the Foreign Annex, the terms of the Foreign Annex shall control.

1.3 **Unsecured Promise**. The RSUs will at all times prior to settlement represent an unsecured Company obligation payable only from the Company’s general assets.

ARTICLE II. VESTING; FORFEITURE AND SETTLEMENT

2.1 **Vesting; Forfeiture**. The RSUs will vest according to the vesting schedule in the Grant Notice except that any fraction of an RSU that would otherwise be vested will be accumulated and will vest only when a whole RSU has accumulated. In the event of Participant’s Termination of Service for any reason, all unvested RSUs will immediately and automatically be cancelled and forfeited, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company.

2.2 **Settlement**.

(a) RSUs will be paid in Shares or cash, at the Company’s option, as soon as administratively practicable after the vesting of the applicable RSU, but in no event more than sixty (60) days after the RSU’s vesting date. Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)), provided the Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A.

(b) If an RSU is paid in cash, the amount of cash paid with respect to the RSU will be equal to the Fair Market Value of a Share on the date such RSU vests.

ARTICLE III. TAXATION AND TAX WITHHOLDING

3.1 **Representation**. Participant represents to the Company that Participant has reviewed with Participant’s own tax advisors the tax consequences of this Award and the transactions contemplated by

the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) As set forth in Section 9.5 of the Plan, the Company shall have the authority and the right to deduct or withhold, or to require the Participant to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes required by law to be withheld with respect to any taxable event arising in connection with the RSUs. In satisfaction of such tax withholding obligations and in accordance with the Sell to Cover Election included in the Grant Notice, the Participant has irrevocably elected to sell the portion of the Shares to be delivered under the RSUs necessary so as to satisfy the tax withholding obligations set forth in the Grant Notice occurring on or after the Sell to Cover Commencement Date and shall execute any letter of instruction or agreement required by the applicable broker or the Company's transfer agent (together with any other party the Company determines necessary to execute the Sell to Cover Election, the "**Agent**") to cause the Agent to irrevocably commit to forward the proceeds necessary to satisfy such tax withholding obligations directly to the Company and/or its Affiliates. Notwithstanding any other provision of this Agreement, the Company shall not be obligated to deliver any new certificate representing Shares to the Participant or the Participant's legal representative or enter such Shares in book entry form unless and until the Participant or the Participant's legal representative shall have paid or otherwise satisfied in full the amount of all federal, state and local taxes applicable to the taxable income of the Participant resulting from the grant or vesting of the RSUs or the issuance of Shares. In accordance with Participant's Sell to Cover Election pursuant to the Grant Notice, the Participant hereby acknowledges and agrees at such time that the Sell to Cover Election is effective:

(i) The Participant hereby appoints the Agent as the Participant's agent and authorizes the Agent to sell on the open market at the then prevailing market price(s), on the Participant's behalf, as soon as practicable on or after the Shares are issued upon the vesting of the RSUs, that number (rounded up to the next whole number) of the Shares so issued necessary to generate proceeds to cover (A) any tax withholding obligations arising exclusively from such vesting or issuance and (B) all applicable fees and commissions due to, or required to be collected by, the Agent with respect thereto to the extent necessary to satisfy such tax withholding obligations.

(ii) The Participant hereby authorizes the Company and the Agent to cooperate and communicate with one another to determine the number of Shares that must be sold pursuant to subsection (i) above.

(iii) The Participant understands that the Agent may effect sales as provided in subsection (i) above in one or more sales and that the average price for executions resulting from bunched orders will be assigned to the Participant's account, and the Participant has no control over the time of such sales. In addition, the Participant acknowledges that it may not be possible to sell Shares as provided by subsection (i) above due to (1) a legal or contractual restriction applicable to the Participant or the Agent, (2) a market disruption, or (3) rules governing order execution priority on the national exchange where the Shares may be traded. The Participant further agrees and acknowledges that in the event the sale of Shares would result in material adverse harm to the Company, as determined by the Company in its sole discretion, the Company may instruct the Agent not to sell Shares as provided by subsection (i) above. In the event of the Agent's inability to sell sufficient Shares, the Participant will continue to be responsible for the timely payment to the Company and/or its Affiliates of all federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld.

(iv) The Participant acknowledges that regardless of any other term or condition of this Section 3.2(a), the Agent will not be liable to the Participant for (1) special, indirect, punitive, exemplary, or consequential damages, or incidental losses or damages of any kind, or (2) any failure to perform or for any delay in performance that results from a cause or circumstance that is beyond its reasonable control.

(v) The Participant hereby agrees to execute and deliver to the Agent any other agreements or documents as the Agent reasonably deems necessary or appropriate to carry out the purposes and intent of this Section 3.2(a). The Agent is a third-party beneficiary of this Section 3.2(a).

(vi) This Section 3.2(a) shall terminate not later than the date on which all tax withholding obligations arising in connection with the vesting or settlement of the Award have been satisfied.

(b) The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the RSUs to, or to cause any such Shares to be held in book-entry form by, Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the RSUs or any other taxable event related to the RSUs.

(c) Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action the Company or any Affiliate takes with respect to any tax withholding obligations that arise in connection with the RSUs. Neither the Company or any Affiliate makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or settlement of the RSUs or the subsequent sale of Shares or the Sell to Cover Election (or any transactions thereunder). The Company or any Affiliate does not commit and are under no obligation to structure the RSUs to reduce or eliminate Participant's tax, insider trading or other liability.

ARTICLE IV. OTHER PROVISIONS

4.1 Adjustments. Participant acknowledges that the RSUs, the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice[, the Sell to Cover Election] and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement, the RSUs will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive cash or the Shares as a general unsecured creditor with respect to the RSUs, as and when settled pursuant to the terms of this Agreement.

4.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Affiliate or interferes with or restricts in any way the rights of the Company and its Affiliates, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or an Affiliate and Participant.

4.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

4.12 Electronic Signature and Delivery. By accepting this Agreement, the Participant consents to the electronic delivery of prospectuses, annual reports and other information required to be delivered by the U.S. Securities and Exchange Commission rules. Without limiting the foregoing, the Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and

agrees to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.

4.13 Section 409A. The RSUs are intended to be exempt from, or compliant with, Section 409A of the Code. Notwithstanding the foregoing or any provision of the Plan or this Agreement, if any provision of the Plan or this Agreement contravenes Section 409A of the Code or could cause the Participant to incur any tax, interest or penalties under Section 409A of the Code, the Administrator may, in its sole discretion and without the Participant's consent, modify such provision to (i) comply with, or avoid being subject to, Section 409A of the Code, or to avoid the incurrence of taxes, interest and penalties under Section 409A of the Code, and/or (iii) maintain, to the maximum extent practicable, the original interest and economic benefit to the Participant of the applicable provision without materially increasing the cost to the Company or contravening the provisions of Section 409A of the Code. This Section 4.13 does not create an obligation on the part of the Company to modify the Plan or this Agreement and does not guarantee that the RSUs will not be subject to interest and penalties under Section 409A of the Code.

4.14 Clawback. The RSUs shall at all times be subject to any clawback or similar policy or program established by the Company, as may be amended from time to time (a "**Clawback Policy**"). In addition (and without limiting the Company's rights and the Participant's obligations under any Clawback Policy), to the extent required by applicable law or the rules and regulations of the Nasdaq Global Market or any other securities exchange or interdealer quotation on which the Common Stock is listed or quote, the RSUs shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into this Agreement).

4.15 Special Provisions for RSUs Granted to Participants Outside the U.S. If the Participant performs services for the Company outside of the United States, the RSUs shall be subject to the special provisions, if any, for the Participant's country of residence, as set forth in the Foreign Annex. If the Participant relocates to the country included in the Foreign Annex during the life of the RSUs, the special provisions for such country shall apply to the Participant, to the extent the Company determines that the application of such provisions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Company reserves the right to impose other requirements on the RSUs and the Shares, to the extent the Company determines it is necessary or advisable in order to comply with local laws or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

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ANNEX A-1

TO RESTRICTED STOCK UNIT AGREEMENT

SPECIAL PROVISIONS FOR RSUS FOR PARTICIPANTS OUTSIDE THE U.S.

This Annex A-1 (this "**Foreign Annex**") includes special terms and conditions applicable to the Participants in the country or countries below. These terms and conditions are in addition to those set forth in Restricted Stock Unit Agreement (the "**Agreement**"), the Grant Notice and the Plan and to the extent there are any inconsistencies between these terms and conditions and those set forth in the Agreement, Grant Notice or the Plan, these terms and conditions shall prevail. Any capitalized term used in this Annex A-1 without definition shall have the meaning ascribed to such term in the Plan, Grant Notice or the Agreement, as applicable.

This Foreign Annex also includes information relating to exchange control and other issues of which the Participant should be aware with respect to his/her participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the respective countries as of November 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information herein as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time the RSUs vest or Shares acquired under the Plan are sold.

In addition, the information is general in nature and may not apply to the particular situation of the Participant, and the Company is not in a position to assure Participant of any particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in his/her country may apply to his/her situation. Finally, if the Participant is a citizen or resident of a country other than the one in which he or she is currently working, the information contained herein may not be applicable to Participant.

Australia

The Agreement, together with the Plan and the Grant Notice, as amended pursuant to this Foreign Annex A-1 for Australia, forms the rules of the employee share scheme applicable to the Australia-based Participants of the Company and any Eligible Subsidiaries of the Company (the "**Incentive Scheme**").

Definitions. The term "**Eligible Subsidiary**" as used in the Agreement for the Incentive Scheme shall have the meaning given to a "Subsidiary" in the *Corporations Act 2001* (Cth). For the avoidance of doubt, the term "**Affiliate**" as used in the Plan and the Agreement for the Incentive Scheme includes an Eligible Subsidiary.

Participants. The Incentive Scheme forms the rules applicable to Australia-based Participants who are Employees, Consultants or Directors of the Company or one of its Eligible Subsidiaries (provided that any such Consultant or Director provides services to the Company or Eligible Subsidiary in accordance with section 83A-325 of the *Income Tax Assessment Act 1997* (Cth) (the "**ITAA**") and meets the requirement for any securities law exemption or relief being relied on) (each an "**Australian Participant**"). Only Australian Participants are eligible to be granted RSUs or be issued Shares under the Incentive Scheme, and only to the extent that the underlying Shares are 'ordinary shares' for the purposes of the ITAA.

Transferability. Notwithstanding Section 9.1 of the Plan, RSUs may not be sold, assigned, transferred, pledged or otherwise encumbered, except by will or the laws of descent and distribution. Prior to vesting of the RSUs (and, where the Award is not settled in cash, the subsequent delivery of the Shares to the Participant), the Participant shall not have any rights or privileges of a shareholder as to the Shares subject to the Award and is not able to call for Shares to be delivered at an earlier date.

Payment. Unless notified otherwise, any payment contemplated as being made by the Company or an Affiliate to a Participant will be made by the entity which employs or engages the services of that Participant. Unless notified otherwise, any cash payment, including the payment of an amount in accordance with Section 2.2(b) of the Agreement, will be calculated in a manner which is inclusive of any superannuation contributions which are required to be made in connection with the payment. The Company and its Affiliates have the authority to deduct or withhold, or require Participant to remit to the Company or any Affiliate, an amount sufficient to satisfy any applicable federal, state, local and foreign taxes required by Applicable Law to be withheld with respect to any taxable event arising pursuant to the Agreement (as well as any superannuation contributions required to be paid by the Company or its Affiliates in connection with the event), in addition to their ability to deduct or withhold other amounts in accordance with the Agreement or Plan (including section 3.2 of the Agreement). For the avoidance of doubt, the Company and its Affiliates have the authority to deduct any such amount from any amounts payable to Participant, including other amounts of compensation.

No future entitlements. The Company has granted RSUs to Participant in its sole discretion. The granting of the RSUs does not confer on Participant any right or entitlement to receive another RSU or any other equity-based award at any time in the future or in respect of any future period. In addition, the granting of such RSUs does not confer on Participant any right or entitlement to receive compensation in any specific amount for any future period, and does not diminish in any way the Company's discretion to determine the amount, if any, of Participant's compensation. In addition, the RSUs are not part of Participant's base salary, wages or fees and will not be taken into account in determining any other service-related rights Participant may have, such as rights to pension or termination/severance pay. Neither the RSUs nor the terms on which they are granted form part of the Participant's contract of employment or service with the Company or any of its Affiliates.

Currency. Participant understands that, any amounts related to the RSUs will be denominated in U.S. dollars and, where a cash payment is required, will be converted to Australian dollars using a prevailing exchange rate in effect at the time such conversion is performed, as determined by the Company. Participant understands and agrees that neither the Company nor any Affiliate shall be liable for any foreign exchange rate fluctuation between Australian dollars and the U.S. dollar that may affect the value of the RSUs, or of any amounts due to Participant or as a result of the subsequent sale of any Shares acquired under the RSUs.

Tax Information. Subdivision 83A-C of the ITAA applies to the RSUs granted under the Incentive Scheme (subject to the requirements of the ITAA), unless the RSUs lapse or are cash settled. Participant acknowledges and confirms that Participant is responsible for reporting and paying all taxes to the local tax authorities, unless the Company or an Affiliate is required by law to do so, and that this will be undertaken by Participant on a timely basis. Participant should consult with a personal tax advisor to understand the tax implications of the RSUs.

Securities Law Information. If Participant acquires Shares pursuant to RSUs and Participant offers the Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. Participant should consult with his/her personal legal advisor on disclosure obligations prior to making any such offer.

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding AUD 10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report. If there is no Australian bank involved in the transfer, Participant will be required to file the report. Participant is responsible for ensuring compliance with such regulations and should consult with his/her personal legal advisor for any details.

China

The following provision shall apply to the Participant if the Participant is subject to exchange control restrictions in the People's Republic of China ("**PRC**"), as determined by the Corporation in its sole discretion.

Settlement of Restricted Stock Units. Notwithstanding Section 2.1 ("Vesting; Forfeiture") of the Agreement, due to exchange control regulations in the PRC, the Participant is not entitled to receive any Shares upon settlement of the RSUs. Instead, the Participant will receive through local payroll a cash payment equal to the fair market value of the Shares subject to the vested RSUs, subject to any obligation to satisfy tax-related items. Any references to the issuance of Shares shall not apply to the Participant.

Germany

Terms and Conditions

The Participant is aware of and consents to the fact that the Plan is not part of the Participant's employment contract with his or her German employer. In particular, neither the grant of the RSUs nor any other financial benefits conferred upon the Participant in connection with the Plan are part of the Participant's entitlement to remuneration or benefits in terms of their employment with his or her German employer.

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. If the Participant receives cross-border payments in excess of €12,500 in connection with the sale of securities (including Shares acquired under the Plan) or the receipt of dividends paid on such Shares, the Participant must report by the fifth day of the month following the month in which the payment was received. The report must be filed electronically. The form of report can be accessed via the German Federal Bank's website at www.bundesbank.de and is available in both German and English.

Foreign Asset/Account Reporting Information. If the acquisition of Shares under the Plan leads to a "qualified participation" at any point during the calendar year, the Participant will need to report the acquisition when the Participant files his or her tax return for the relevant year. A "qualified participation" is attained if (i) the value of the Shares acquired exceeds €150,000 or (ii) in the unlikely event the Participant holds Shares exceeding 10% of the total Common Stock. However, if Shares are listed on a stock exchange recognized in the U.S., the European Union or the European Economic Area or on any other foreign stock exchange recognized by the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) and the Participant owns less than 1% of the total Common Stock, this €150,000 threshold will not apply.

Prohibition on Insider Dealing. Participant should be aware of the insider dealing rules of the Regulation (EU) No 596/2014 of the European Parliament and Council (Market Abuse Regulation) apply in Germany, which may affect transactions under the Plan such as e.g. the subscription or participation, the suspension, the cancellation or an amending order, the acquisition or sale of Shares acquired under the Plan, if Participant has inside information regarding the Company. Participant is advised to determine carefully

whether he or she has inside information in respect of the Company and whether and to what extent insider dealing rules can apply to him or her. In case of uncertainty, the Company recommends that Participant consults with a legal advisor.

Additional Tax Provisions. Each Participant who is either (i) resident for tax purposes in Germany or (ii) otherwise subject to German income tax and/or social security contributions in respect of earnings received from the Shares shall be obliged to notify the relevant Subsidiary or other Participant's employing company (as applicable) of the grant, vesting, or payment of the RSUs and the Shares. Section 9.5 of the Plan and Sections 3.2(a) of this Agreement shall apply *mutatis mutandis* with regard to any deductions or withholdings, in particular with regard to wage tax, solidarity surcharge and social security contributions, required to be made by such Subsidiary or other Participant's employing company under Applicable Law. The Participant shall indemnify and keep indemnified the Company and any of its Affiliates from and against any tax-related items required by law to be withheld with respect to any taxable event arising in connection with the RSUs.

Netherlands

This Restricted Stock United Agreement shall be governed by and interpreted in accordance with the laws of the Netherlands.

All disputes arising from or in connection with this Restricted Stock United Agreement shall be brought before the competent court in the district of Amsterdam, without prejudice to the right of appeal, including an appeal to the Dutch Supreme Court.

India

No edits to the agreement from an Indian legal perspective as it adequately addresses the Indian tax and exchange control requirements.

Philippines

The RSUs constitute securities which have not been registered with the Philippine Securities and Exchange Commission ("**SEC**") pursuant to the Securities Regulation Code and its implementing rules (the "**Code**"). The offer of these securities is made in the Philippines solely pursuant to Section 10.2 of the Code. Any further offer or sale of these RSUs may be subject to registration requirements under the Code, unless such offer or sale qualifies as an exempt transaction under the Code.

Singapore

Tax

1. The Participant is responsible for ensuring that any gains derived under this Agreement which are subject to income tax in Singapore are declared in the Participant's income tax return for the relevant Year of Assessment (to the extent the information is not required to be submitted electronically to the Inland Revenue Authority of Singapore by the Participant's employer under the Auto-Inclusion Scheme).
2. The Participant is responsible for the payment of income tax on taxable gains derived under this Agreement.
3. To the extent the Participant is a non-Singapore citizen who, upon Termination of Service, retains unvested RSUs or Shares subject to selling restrictions and is therefore subject to tax on a "deemed exercise" basis, the Participant acknowledges that: (a) the fulfilment of such tax obligations forms

part of the Participant's tax clearance requirements; and (b) the Participant's employer is legally required to carry out tax clearance procedures including withholding all monies due to the Participant from the date the employer is aware of the Participant's impending cessation of employment.

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| FLUENCE ENERGY, INC. 2021 INCENTIVE AWARD PLAN |
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RESTRICTED STOCK UNIT GRANT NOTICE

Capitalized terms not specifically defined in this Restricted Stock Unit Grant Notice (the “**Grant Notice**”) have the meanings given to them in the 2021 Incentive Award Plan (as amended from time to time, the “**Plan**”) of Fluence Energy, Inc. (the “**Company**”).

The Company has granted to the participant listed below (“**Participant**”) the Restricted Stock Units described in this Grant Notice (the “**RSUs**”), subject to the terms and conditions of the Plan and the Restricted Stock Unit Agreement attached as **Exhibit A** (the “**Agreement**”) and the special provisions for the Participant’s country of residence, if any, attached to the Agreement as Annex A-1 (the “**Foreign Annex**”), both of which are incorporated into this Grant Notice by reference.

The individual grant notice within the electronic Agreement provides grant details such as Participant Name, Grant Date, Number of RSUs, Vesting Commencement Date, and Vesting Schedule. The RSUs shall vest on the first anniversary of the Grant Date, subject to the Participant’s continuous and active service with the Company and its Affiliates through the vesting date.

By Participant’s signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice, the Foreign Annex and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice, the Foreign Annex and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice, the Foreign Annex or the Agreement.

FLUENCE ENERGY, INC.

PARTICIPANT

By:

Name:

Title:

Participant Name

RESTRICTED STOCK UNIT AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I. GENERAL

1.1 Award of RSUs.

(a) The Company has granted the RSUs to Participant effective as of the grant date set forth in the Grant Notice (the “**Grant Date**”). Each RSU represents the right to receive one Share or, at the option of the Company, an amount of cash, in either case, as set forth in this Agreement. Participant will have no right to the distribution of any Shares or payment of any cash until the time (if ever) the RSUs have vested.

1.2 Incorporation of Terms of Plan. The RSUs are subject to the terms and conditions set forth in this Agreement, the Plan and the Foreign Annex, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control. If the Foreign Annex applies to the Participant, in the event of a conflict between the terms of this Agreement, the Plan or the Foreign Annex, the terms of the Foreign Annex shall control.

1.3 Unsecured Promise. The RSUs will at all times prior to settlement represent an unsecured Company obligation payable only from the Company’s general assets.

ARTICLE II. VESTING; FORFEITURE AND SETTLEMENT

2.1 Vesting; Forfeiture. The RSUs will vest according to the vesting schedule in the Grant Notice except that any fraction of an RSU that would otherwise be vested will be accumulated and will vest only when a whole RSU has accumulated. In the event of Participant’s Termination of Service for any reason, all unvested RSUs will immediately and automatically be cancelled and forfeited, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company.

2.2 Settlement.

(a) RSUs will be paid in Shares or cash, at the Company’s option, as soon as administratively practicable after the vesting of the applicable RSU, but in no event more than sixty (60) days after the RSU’s vesting date. Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)), provided the Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A.

(b) If an RSU is paid in cash, the amount of cash paid with respect to the RSU will equal the Fair Market Value of a Share on the day immediately preceding the payment date.

ARTICLE III. TAXATION AND TAX WITHHOLDING

3.1 Representation. Participant represents to the Company that Participant has reviewed with Participant’s own tax advisors the tax consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding.

(a) The provisions of Section 9.5 of the Plan are incorporated herein by reference and made a part hereof. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its employees, agents or representatives.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action the Company or any Affiliate takes with respect to any tax withholding obligations that arise in connection with the RSUs. Neither the Company nor any Affiliate makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the subsequent sale of Shares. The Company and the Affiliates do not commit and are under no obligation to structure the RSUs to reduce or eliminate Participant's tax liability.

ARTICLE IV. OTHER PROVISIONS

4.1 Adjustments. Participant acknowledges that the RSUs, the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement, the RSUs will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity

of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive cash or the Shares as a general unsecured creditor with respect to the RSUs, as and when settled pursuant to the terms of this Agreement.

4.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Affiliate or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or an Affiliate and Participant.

4.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

4.12 Electronic Signature and Delivery. By accepting this Agreement, the Participant consents to the electronic delivery of prospectuses, annual reports and other information required to be delivered by the U.S. Securities and Exchange Commission rules. Without limiting the foregoing, the Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.

4.13 Section 409A. The RSUs are intended to be exempt from, or compliant with, Section 409A of the Code. Notwithstanding the foregoing or any provision of the Plan or this Agreement, if any provision of the Plan or this Agreement contravenes Section 409A of the Code or could cause the Participant to incur any tax, interest or penalties under Section 409A of the Code, the Administrator may, in its sole discretion and without the Participant's consent, modify such provision to (i) comply with, or avoid being subject to, Section 409A of the Code, or to avoid the incurrence of taxes, interest and penalties under Section 409A of the Code, and/or (iii) maintain, to the maximum extent practicable, the original interest and economic benefit to the Participant of the applicable provision without materially increasing the cost to the Company or contravening the provisions of Section 409A of the Code. This Section 4.13 does not create an obligation on the part of the Company to modify the Plan or this Agreement and does not guarantee that the RSUs will not be subject to interest and penalties under Section 409A of the Code.

4.14 Clawback. The RSUs shall at all times be subject to any clawback or similar policy or program established by the Company, as may be amended from time to time (a "Clawback Policy"). In addition (and without limiting the Company's rights and the Participant's obligations under any Clawback Policy), to the extent required by applicable law or the rules and regulations of the Nasdaq Global Market or any other securities exchange or interdealer quotation on which the Common Stock is listed or quote, the RSUs shall be subject (including on a retroactive basis) to clawback, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into this Agreement).

4.15 Special Provisions for RSUs Granted to Participants Outside the U.S. If the Participant performs services for the Company outside of the United States, the RSUs shall be subject to the special provisions, if any, for the Participant's country of residence, as set forth in the Foreign Annex. If the Participant relocates to the country included in the Foreign Annex during the life of the RSUs, the special provisions for such country shall apply to the Participant, to the extent the Company determines that the application of such provisions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Company reserves the right to impose other requirements on the RSUs

and the Shares, to the extent the Company determines it is necessary or advisable in order to comply with local laws or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

* * * * *

ANNEX A-1

TO RESTRICTED STOCK UNIT AGREEMENT

SPECIAL PROVISIONS FOR RSUS FOR PARTICIPANTS OUTSIDE THE U.S.

This Annex A-1 (this “*Foreign Annex*”) includes special terms and conditions applicable to the Participants in the country or countries below. These terms and conditions are in addition to those set forth in Restricted Stock Unit Agreement (the “*Agreement*”) and the Plan and to the extent there are any inconsistencies between these terms and conditions and those set forth in the Agreement or the Plan, these terms and conditions shall prevail. Any capitalized term used in this Annex A-1 without definition shall have the meaning ascribed to such term in the Plan or the Agreement, as applicable.

This Foreign Annex also includes information relating to exchange control and other issues of which the Participant should be aware with respect to his/her participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the respective countries as of November 2021. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information herein as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time the RSUS vest or Shares acquired under the Plan are sold.

In addition, the information is general in nature and may not apply to the particular situation of the Participant, and the Company is not in a position to assure Participant of any particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in his/her country may apply to his/her situation. Finally, if the Participant is a citizen or resident of a country other than the one in which he or she is currently working, the information contained herein may not be applicable to Participant.

Germany

Terms and Conditions

The Participant is aware of and consents to the fact that the Plan is not part of the Participant’s employment or self-employment contract with his or her German employer or principal. In particular, neither the grant of the RSUs nor any other financial benefits conferred upon the Participant in connection with the Plan are part of the Participant’s entitlement to remuneration or benefits in terms of their employment or self-employment with his or her German employer or principal.

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. If the Participant receives cross-border payments in excess of €12,500 in connection with the sale of securities (including Shares acquired under the Plan) or the receipt of dividends paid on such Shares, the Participant must report by the fifth day of the month following the month in which the payment was received. The report must be filed electronically. The form of report can be accessed via the German Federal Bank’s website at www.bundesbank.de and is available in both German and English.

Foreign Asset/Account Reporting Information. If the acquisition of Shares under the Plan leads to a “qualified participation” at any point during the calendar year, the Participant will need to report the acquisition when the Participant files his or her tax return for the relevant year. A “qualified participation” is attained if (i) the value of the Shares acquired exceeds €150,000 or (ii) in the unlikely event the Participant holds Shares exceeding 10% of the total Common Stock. However, if Shares are listed on a stock exchange recognized in the U.S., the European Union or the European Economic Area or on any other foreign stock exchange recognized by the Federal Financial Supervisory Authority

(*Bundesanstalt für Finanzdienstleistungsaufsicht*) and the Participant owns less than 1% of the total Common Stock, this €150,000 threshold will not apply.

Prohibition on Insider Dealing. Participant should be aware of the insider dealing rules of the Regulation (EU) No 596/2014 of the European Parliament and Council (Market Abuse Regulation) apply in Germany, which may affect transactions under the Plan such as e.g. the subscription or participation, the suspension, the cancellation or an amending order, the acquisition or sale of Shares acquired under the Plan, if Participant has inside information regarding the Company. Participant is advised to determine carefully whether he or she has inside information in respect of the Company and whether and to what extent insider dealing rules can apply to him or her. In case of uncertainty, the Company recommends that Participant consults with a legal advisor.

Additional Tax Provisions. Each Participant who is either (i) resident for tax purposes in Germany or (ii) otherwise subject to German income tax and/or social security contributions in respect of earnings received from the Shares shall be obliged to notify the relevant Subsidiary or other Participant's employing company (as applicable) of the grant, vesting, or payment of the RSUs and the Shares. Section 9.5 of the Plan and Sections 3.2(a) of this Agreement shall apply *mutatis mutandis* with regard to any deductions or withholdings, in particular with regard to wage tax, solidarity surcharge and social security contributions, required to be made by such Subsidiary or other Participant's employing company under Applicable Law. If a Participant is resident for tax purposes in Germany **but not subject to German wage withholding tax** (i.e. because the Participant receives income from self-employment) the Participant is – in deviation to Section 9.5 of the Plan and Sections 3.2 (a) of this Agreement – obliged to declare income from his or her self-employed activity in connection with the Company and/or its Affiliates in his or her income tax return both at the time of the Settlement and at the time of the Sale of the Shares. The Participant shall indemnify and keep indemnified the Company and any of its Affiliates from and against any tax-related items required by law to be withheld with respect to any taxable event arising in connection with the RSUs.

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT, AS AMENDED,
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Julian Nebreda, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Fluence Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2023

Fluence Energy, Inc.

By: /s/ Julian Nebreda

Julian Nebreda

Chief Executive Officer and President (Principal Executive Officer)

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT, AS AMENDED,
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Manavendra Sial, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Fluence Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2023

Fluence Energy, Inc.

By: /s/ Manavendra Sial

Manavendra Sial
*Senior Vice President and Chief Financial Officer (Principal
Financial Officer)*

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Fluence Energy, Inc. (the “Company”) for the quarter ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Julian Nebreda, Chief Executive Officer and President of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 11, 2023

By: /s/ Julian Nebreda
Julian Nebreda
*Chief Executive Officer and President (Principal
Executive Officer)*

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Fluence Energy, Inc. (the “Company”) for the quarter ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Manavendra Sial, Senior Vice President and Chief Financial Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 11, 2023

By: /s/ Manavendra Sial
Manavendra Sial
*Senior Vice President and Chief Financial Officer (Principal
Financial Officer)*